



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

YEAR END JUNE 30, 2005

SANDY CITY
10000 Centennial Parkway
Sandy, Utah 84070

Comprehensive Annual Financial Report
For the year ended June 30, 2005

Prepared by:

Department of Finance

Arthur D. Hunter, Director of Finance and Information Services

Glade G. Jardine, Treasurer

Helen R. Kurtz, Controller

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INTRODUCTORY SECTION



November 23, 2005

Honorable Mayor and
Members of the City Council
Sandy City

The Comprehensive Annual Financial Report (CAFR) of Sandy City (the City), for the fiscal year ended June 30, 2005 is submitted herewith. Utah State law requires that first class cities "present to the governing body an annual financial report prepared in conformity with Accounting Principles Generally Accepted in the United States (GAAP), as prescribed in the Uniform Accounting Manual for Utah Cities." This report, which fulfills this requirement, presents a comprehensive financial picture covering all funds and financial transactions for the year.

This CAFR has been prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures and supplementary information, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included. Likewise, the "Notes to the Financial Statements" are an integral part of this report and should be read for a more complete understanding of the financial statements and information presented in this report.

Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City's internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of the control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

As required by Utah state law, an annual audit has been conducted by independent certified public accountants. The Report of Independent Certified Public Accountants, as prepared by Wisan, Smith, Racker & Prescott, LLP, is included within the Financial Section of this report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are published under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Sandy, about 13 miles south of Salt Lake City, was settled in 1863 as a pioneer farming village. With the discovery of rich ores in Little Cottonwood Canyon and the shipping of the stone for the construction of the Salt Lake Temple, Sandy became a focal shipping point and booming mining town. As a result, Sandy became a city in 1893 and hired a sheriff to keep the miners in line. One by one the mines closed around 1900. Sandy then became a small farming community again and remained that way until about 1970. For the past several years, Sandy has numbered among the fastest growing suburban cities in the United States. Today Sandy is the fourth largest city in Utah with a population approaching 100,000 citizens.

Since 1979, the City has operated under the council-mayor form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. One of the Mayor's administrative powers is the appointment of the Chief Administrative Officer, Cabinet Officers and various other positions such as the City Treasurer, the City Recorder, and the City Engineer. The City Council establishes City policy, approves the budget, and ratifies the appointment of City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection, park construction and maintenance, street construction and maintenance, public improvements, engineering, building inspection, planning and zoning, administrative services, recreation services, storm drain system construction and maintenance, and street light system installation and maintenance. The City also operates water, waste collection, and River Oaks Golf Course as enterprise funds. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Sandy Redevelopment Agency is reported as a special revenue fund and Alta Canyon Recreation Special Service District is reported as an enterprise fund.

Comprehensive annual budgets are an essential element for the City's financial planning and control. Therefore, budgets are adopted annually (required by Utah state law) by the City Council for all funds except debt service funds used to account for special assessments and expendable trust funds which are subject to compensating controls. Utah state law also requires: 1) a balanced budget for each individual fund; however, Redevelopment Agencies are allowed to incur debt prior to the triggering of the tax increment revenue thus allowing an unbalanced budget, 2) department expenditures to conform with departmental appropriations, and 3) individual fund appropriations to be overspent only in "emergencies" (natural disasters). Once the budgets are approved, the City Council may revise the budgets from time to time after following the required procedures. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the general fund and the storm water fund this comparison begins on page 42 as part of the basic financial statements for the governmental funds. For the other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. After several consecutive recessionary years, financial indicators point to strong economic growth in the next 12 months. Sandy continues to enjoy a very low unemployment rate (3.3 percent) compared to state (4.6 percent) and national (5.0 percent) rates.

Sandy City's fiscal strength can be attributed to many growing areas including the office, retail, transportation, and entertainment markets.

During 2005 and continuing into 2006, the office market has shown an overall drop of ten percent in vacancy rates and the highest levels of absorption since 2001. Office related employment accounts for over 40 percent of all new job growth with an increase of 15,800 new jobs statewide. Sandy City anticipates adding over 400,000 square feet of new Class A and B office space in the near future.

The retail market is holding to its long-term path of health, vibrancy and stability. Future additions to Sandy's retail base include the Quarry Bend development, Phases II and III of the Little Cottonwood Shopping Center, and two new dealerships in the South Towne Auto Mall. The nearly completed Union Heights development includes a 16 screen theater, a 165,000 square foot office building, and various pad sites.

Sandy has several major transportation-related projects taking place. An additional Light Rail Station will be added at 9400 South as a destination only station to accommodate Jordan Commons visitors as well as attendees of events at the South Towne Expo Center. The 11400 South and State Street intersection will be widened in conjunction with the 11400 South Single Point Urban Interchange (SPUI) project.

The Salt Lake Real soccer franchise announced their intention to build a professional soccer stadium in Sandy, west of State Street and 9400 South. They are anticipating the purchase of approximately 22 acres to build the 25,000 seat stadium along with some additional soccer fields to be used for practice and commercial uses including retail and restaurants. Preliminary discussions have revealed an opening date of July 4, 2007.

Additional information about economic factors can be found on page 31 of the MD&A.

Long-Term Financial Planning. The City Council approved a balanced budget for the upcoming fiscal year. The approved budget will bring an additional \$2,300,000 in ongoing revenue to the general fund. Aided by strong retail sales, growing telecommunication charges, modest fee increases, and consistent property taxes, the City intends to dedicate the new revenue to a variety of ongoing projects and capital programs.

To compensate for increasing demands on the City's Justice Court system, the approved budget will allow for the renovation and maintenance of the Public Safety Building (formerly Third District Court Building) as well as fund an additional full-time assistant city prosecutor and two court bailiffs.

The City also expects one-time revenue of \$3,700,000. This money will be spent on municipal building preservation, renovation and replacement as well as street reconstruction, concrete repair, and trail development. Based on the Completed 2005 Parks and Recreation Master Plan Update, the City has set aside money to construct two new parks including a 4 acre community park adjacent to Union Middle School and an 8 acre full service park at the Quarry Bend development.

The City expects to contribute \$439,433 to the fund balance of the general fund. This will allow the fund balance to remain at 11.3 percent of expected general fund revenues.

Relevant financial policies. The City takes pride in maintaining its pay-as-you-go strategy along with reasonable long-term financing to keep the debt burden low. Sandy City seeks the most practical and cost-efficient financing available. Following this policy has allowed the City to maintain a "Aa+" bond rating. For further information on long-term liabilities, please refer to page 29 in Management's Discussion and Analysis and page 65 in the notes to the financial statements.

Major initiatives. In staying consistent with the City's overall water master plan, funds have been set aside this year (\$4,210,322) to meet our commitment to the Metropolitan Water District of Salt Lake and Sandy and its Point of the Mountain Water Treatment Plant. The plant, with an expected completion date in 2007, will provide needed redundancy and transmission capacity to our municipal water system. The plant, coupled with Ontario Drain Tunnel water rights purchased by the City in March 2005, will ensure that residents have adequate, clean, quality drinking water in the decades to come. The City will pay \$13,832,100 in principal over 27 years for the Ontario Drain Tunnel water rights acquisition.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the eighteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both Accounting Principles Generally Accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the second consecutive year that the City has received this esteemed award.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the governing body of Sandy City, preparation of this report would not have been possible.

Respectfully Submitted,



**Byron D. Jorgenson,
City Administrator**



**Arthur D. Hunter,
Finance and Information
Services Director**

SANDY CITY

Elected Officials

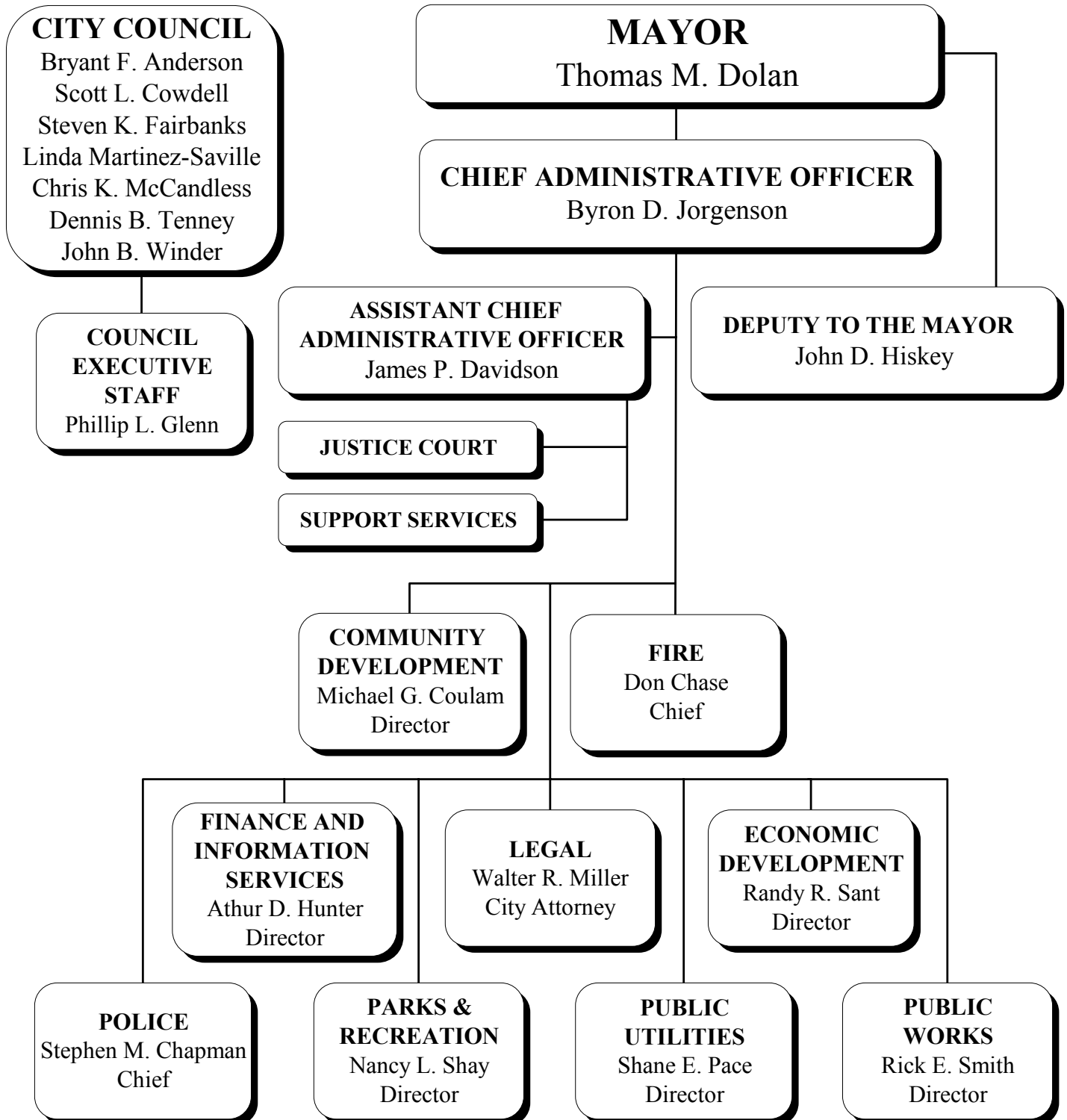
Mayor	Thomas M. Dolan
City Council - At Large	Linda Martinez-Saville
City Council - At Large	Steven K. Fairbanks
City Council - At Large	John B. Winder
City Council - District 1	Scott L. Cowdell
City Council - District 2	Dennis B. Tenney
City Council - District 3	Bryant F. Anderson
City Council - District 4	Christopher K. McCandless

Appointed Officials

Chief Administrative Officer	Byron D. Jorgenson
Assistant Chief Administrative Officer	James P. Davidson
Deputy to the Mayor	John D. Hiskey
City Attorney	Walter R. Miller
Finance and Information Services Director	Arthur D. Hunter
Chief of Police	Stephen M. Chapman
Fire Chief	Don Chase
Public Works Director	Rick E. Smith
Public Utilities Director	Shane E. Pace
Parks and Recreation Director	Nancy L. Shay
Community Development Director	Michael G. Coulam
Economic Development Director	Randy Sant

Sandy City Organizational Structure

CITIZENS OF SANDY



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sandy City,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Sandy, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandy, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the schedule of roadway system condition and maintenance, on pages 19 through 32 and 79 through 81, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wison Smith Racker & Prouett LLP

Salt Lake City, Utah
November 23, 2005

Management's Discussion and Analysis

As management of Sandy City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which starts on page 7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2005 by \$451,713,205 (net assets). Of this amount, \$69,995,696 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$11,712,421. Approximately 20 percent of this increase is attributable to unspent revenues in the water fund that will be used for future capital projects. General fund revenues in excess of expenses constitute 30 percent of the total net asset increase. This excess was transferred to the capital projects fund for use in future capital projects.
- As of the close of fiscal year 2005, the City's governmental funds reported combined ending fund balances of \$33,135,168, an increase of \$3,612,785 in comparison with fiscal year 2004. The unreserved portion equals \$27,220,750 and is available for spending at the government's discretion.
- At the end of fiscal year 2005, unreserved fund balance of the general fund was \$4,154,891, or 12 percent of total general fund expenditures. General fund balance remained unchanged from fiscal year 2004.
- The City's total long-term debt increased \$9,413,256 (14 percent) during fiscal year 2005. This is partially due to the Ontario Drain Tunnel water rights acquisition, which is discussed in more detail under "Business-type activities" on page 25 and under "Long-term debt" on page 29.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, storm water, electric utility, economic development, and culture and recreation. The business-type activities of the City include water, waste, River Oaks Golf Course, and Alta Canyon Sports Center.

Although Alta Canyon Sports Center is a legally separate entity from the City (known as the primary government), it functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 34-37 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the storm water fund, all of which are considered to be major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38-43 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information services, risk management, payroll management, and equipment management. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, waste services, Alta Canyon Sports Center, and River Oaks Golf Course, all of which are considered to be major funds of the City. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 44-46 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-78 of this report.

Other information: Required supplementary information, including budgetary comparisons for major governmental funds other than the general fund, begins on page 79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-115 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Sandy City, assets exceeded liabilities by \$451,713,205 at the close of fiscal year 2005.

By far the largest portion of the City's net assets (83 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SANDY CITY Summary of Net Assets June 30, 2005

	Governmental		Business-type		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	61,931,074	56,559,238	52,098,695	36,739,430	114,029,769	93,298,668
Capital assets	372,993,303	373,625,112	63,571,273	63,256,585	436,564,576	436,881,697
Total assets	434,924,377	430,184,350	115,669,968	99,996,015	550,594,345	530,180,365
Long-term liabilities outstanding	43,781,065	48,389,373	27,037,120	14,210,000	70,818,185	62,599,373
Other liabilities	25,357,111	25,006,965	2,705,844	2,573,243	28,062,955	27,580,208
Total liabilities	69,138,176	73,396,338	29,742,964	16,783,243	98,881,140	90,179,581
Net assets:						
Invested in capital assets, net of related debt	326,487,853	322,769,699	49,315,238	48,891,585	375,803,091	371,661,284
Restricted	5,914,418	9,357,059	-0-	223,136	5,914,418	9,580,195
Unrestricted	33,383,930	24,661,254	36,611,766	34,098,051	69,995,696	58,759,305
Total net assets	<u>\$ 365,786,201</u>	<u>\$ 356,788,012</u>	<u>\$ 85,927,004</u>	<u>\$ 83,212,772</u>	<u>\$ 451,713,205</u>	<u>\$ 440,000,784</u>

An additional portion of the City's net assets (1.3 percent) represents resources that are subject to external restrictions on how they may be used, all of which is from governmental activities. The remaining balance of *unrestricted net assets* (\$69,995,696) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets for governmental activities decreased 37 percent (\$3,442,641) during fiscal year 2005. Forty-six percent of the decrease resulted from the removal of the debt service reserve requirements associated with the 1998C Municipal Building Authority (MBA) Lease Revenue Bond (\$748,473) and the 1999 MBA Lease Revenue Bond (\$841,757) that were refunded during fiscal year 2005. The remaining 54 percent (\$1,852,411) of the decrease was attributable to the reduction in capital projects left to be completed.

SANDY CITY
Changes in Net Assets

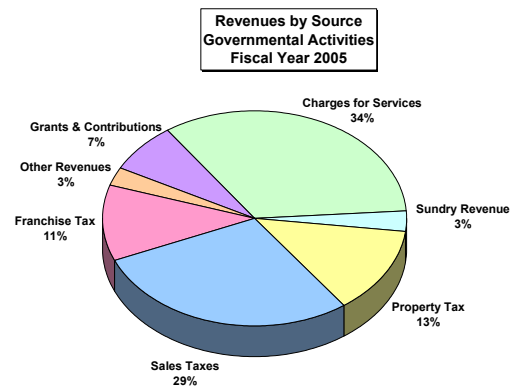
For the Year Ended June 30, 2005

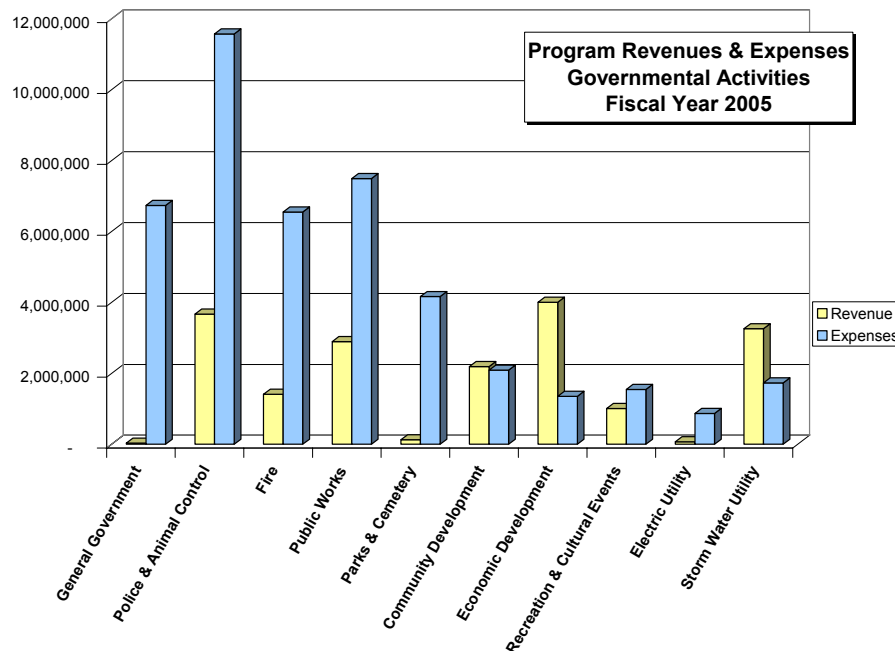
	Governmental		Business-type		Total Primary	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	18,658,764	16,651,850	20,736,756	21,772,006	39,395,520	38,423,856
Operating grants and contributions	3,702,446	4,212,373	-0-	-0-	3,702,446	4,212,373
Capital grants and contributions	447,787	385,028	-0-	1,172,856	447,787	1,557,884
General revenues:						
Property Tax	7,262,922	7,323,101	290,752	292,996	7,553,674	7,616,097
Sales Tax	15,857,517	15,161,445	-0-	-0-	15,857,517	15,161,445
Franchise Tax	6,284,131	4,688,366	-0-	-0-	6,284,131	4,688,366
Motor Vehicle Fees	818,905	881,376	37,835	41,551	856,740	922,927
Special Assessments	986,961	991,015	-0-	-0-	986,961	991,015
Interest Income	709,066	410,215	327,089	159,507	1,036,155	569,722
Sale of Fixed Assets	10,731	2,021	-0-	-0-	10,731	2,021
Sundry Revenue	740,077	719,395	-0-	-0-	740,077	719,395
Total revenues	55,479,307	51,426,185	21,392,432	23,438,916	76,871,739	74,865,101
Expenses						
General Government	6,732,132	6,099,168	-0-	-0-	6,732,132	6,099,168
Police & Animal Control	11,574,194	11,039,961	-0-	-0-	11,574,194	11,039,961
Fire	6,547,657	6,684,265	-0-	-0-	6,547,657	6,684,265
Public Works	7,492,157	8,298,500	-0-	-0-	7,492,157	8,298,500
Parks, Landscapes and Cemetery	4,163,629	3,313,008	-0-	-0-	4,163,629	3,313,008
Community Development	2,086,736	2,067,518	-0-	-0-	2,086,736	2,067,518
Economic Development	1,348,916	1,038,250	-0-	-0-	1,348,916	1,038,250
Recreation and Cultural Events	1,547,212	1,427,152	-0-	-0-	1,547,212	1,427,152
Electric Utility	870,085	897,171	-0-	-0-	870,085	897,171
Storm Water Utility	1,731,367	1,600,171	-0-	-0-	1,731,367	1,600,171
Interest on Long-Term Debt	2,237,033	2,412,157	-0-	-0-	2,237,033	2,412,157
Alta Canyon Sports Center	-0-	-0-	1,058,633	1,034,668	1,058,633	1,034,668
Water Fund	-0-	-0-	12,901,791	10,231,959	12,901,791	10,231,959
Waste	-0-	-0-	3,658,358	3,477,255	3,658,358	3,477,255
Golf Course Fund	-0-	-0-	1,209,418	1,256,006	1,209,418	1,256,006
Total expenses	46,331,118	44,877,321	18,828,200	15,999,888	65,159,318	60,877,209
Increase in net assets before transfers	9,148,189	6,548,864	2,564,232	7,439,028	11,712,421	13,987,892
Transfers	(150,000)	(150,000)	150,000	150,000	-0-	-0-
Increase in net assets	8,998,189	6,398,864	2,714,232	7,589,028	11,712,421	13,987,892
Beginning net assets	356,788,012	350,389,148	83,212,772	75,623,744	440,000,784	426,012,892
Ending net assets	\$ 365,786,201	\$ 356,788,012	\$ 85,927,004	\$ 83,212,772	\$ 451,713,205	\$ 440,000,784

The government's net assets increased \$11,712,421 during fiscal year 2005. This growth largely reflects capital asset additions, reserves for future and ongoing capital projects, and rate changes.

Governmental activities: Governmental activities increased the City's net assets by \$8,998,189, accounting for 77 percent of the total growth in the City's net assets. Key elements of this change are as follows:

- The City collected \$1,885,561 more than anticipated in franchise tax revenue. Beginning July 1, 2005, a 4 percent telecommunications franchise tax replaced the 6 percent telephone franchise tax, which expanded the tax base to include cellular phone services.
- Sales tax revenue posted higher in fiscal year 2005 over the prior year by \$696,072 and \$807,717 over budgeted expectations due to economic growth.
- Interest income for fiscal year 2005 came in at \$307,800 more than expected due to rising interest rates and the recovering economy.
- The storm water fund experienced a \$204,345 revenue increase from penalties and interest charged to delinquent utility customers. All penalty and interest amounts were accounted for in the water fund in prior years.
- The City received \$913,163 in new federal grant money during fiscal year 2005 including \$755,601 in Community Oriented Policing Services (COPS) funding for schools and technology, \$98,426 for homeland security, \$46,353 for parks, and \$12,783 for victim assistance. Additionally, the City received \$24,500 from the State of Utah for justice court technology and security as well as \$300,000 from Salt Lake County for construction costs and debt service related to the City's cultural arts facilities.
- The City retired \$4,263,844 in debt for governmental activities. More detailed information can be found in note 12, Long-term Obligations, on page 65 of the notes to the financial statements.



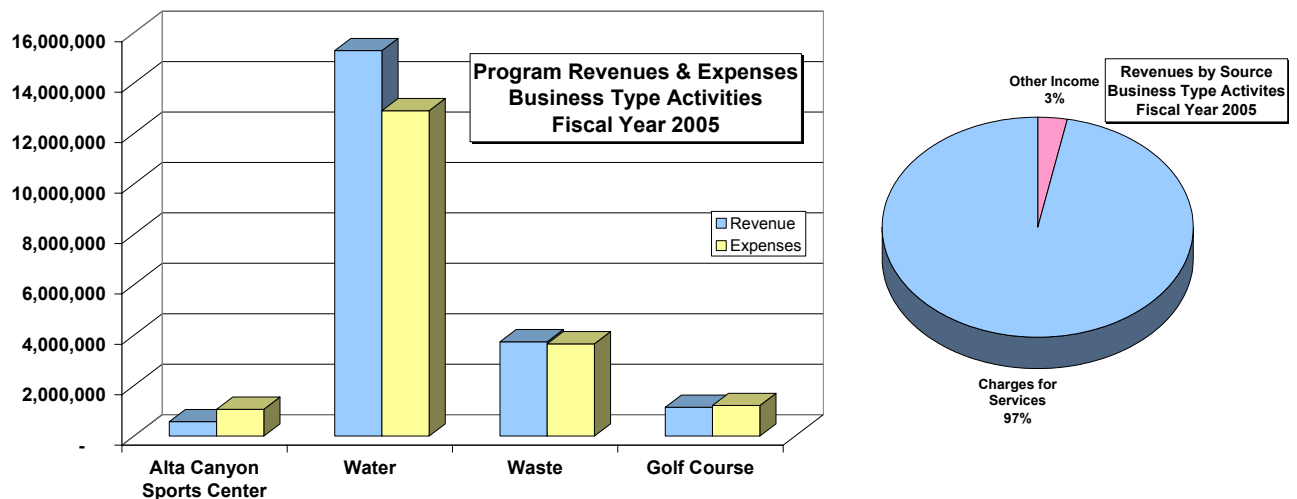


Business-type activities: Business-type activities increased the City's net assets by \$2,714,232, accounting for 23 percent of the total growth in the government's net assets. Key elements of the change in business-type net assets are as follows:

- On May 1, 2001, the City entered into an interlocal agreement with Salt Lake City and Metropolitan Water District of Salt Lake and Sandy (MWDSLS). Under this agreement, the System is obligated to pay an estimated total of \$126,310,000 over 30 years to the MWDSLS for capital improvements to be conducted by MWDSLS. The second annual assessment of \$2,806,881 was paid in fiscal year 2005. An assessment of \$4,210,322 will be paid in fiscal year 2006.
- The City entered into a contract with MWDSLS to receive preferential rights to water from the Ontario Drain Water Tunnel in exchange for \$13,832,100 (principal only) payable over 27 years. The principal portion of this transaction is recorded in the Water Fund as water rights acquisitions, including the corresponding debt. Therefore, there is no affect on the net assets of the Water Fund for fiscal year 2005.
- During fiscal year 2005, the City completed \$5,842,919 in water main additions. Work in process decreased by \$3,244,430, largely due to the completion of the Bell Canyon Raw Water Aqueduct and Automated Meter Reading projects. Both of these projects were transferred to water main additions.
- The waste fund contributed \$112,518 to the increase in business-type net assets. The primary reason, besides residential growth, is that the City's equity ownership of the Trans Jordan Landfill

increased \$136,703 for fiscal year 2005. For more information regarding the City's joint venture in Trans Jordan Landfill, see note 9 on pages 60-61 of the notes to the financial statements.

- In fiscal year 2005, Alta Canyon Sports Center caused a \$156,932 decrease in business-type net assets. Membership fees posted \$41,592 less than expected due to heavy construction in close proximity to the Center. The Sports Center also incurred \$46,076 in higher than expected personnel and contract services costs to administer programs and services. Depreciation expense was \$148,168 for fiscal year 2005. For more information regarding the City's management of Alta Canyon, see note 1 on page 47 of the notes to the financial statements.
- River Oaks Golf Course contributed \$91,947 to the overall increase in business-type activities' net assets. The Golf Course experienced a decrease in bond interest expense of \$63,182 compared to fiscal year 2004. Also occurring in fiscal year 2005 was a gain on sale of assets of \$20,726.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Sandy City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2005, the City's governmental funds reported combined ending fund balances of \$33,135,168, an increase of \$3,162,785 in comparison with fiscal year 2004. Of this amount, \$27,220,750 (82 percent) is unreserved, and is therefore available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new

spending because it has already been committed to pay debt service (\$1,420,600) or to pay for capital projects, including road projects (\$4,493,818).

The general fund is the chief operating fund of the City. At the end of fiscal year 2005, fund balance of the general fund was \$4,154,891, all of which is unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12 percent of the total general fund expenditures.

The fund balance of the City's general fund did not change during fiscal year 2005. The City chose to maintain current service levels and invest in future capital projects in lieu of increasing fund balance.

The storm water fund experienced an increase in fund balance of \$498,439 for fiscal year 2005 resulting in a total fund balance of \$6,896,939.

The debt service fund has a total fund balance of \$2,835,159, of which \$1,420,600 is reserved for the payment of debt service. The net fund balance decreased 33 percent (\$1,368,164) during fiscal year 2005. This decrease in fund balance is attributable to the refunding of the 1998C MBA lease revenue bond and the 1999 MBA lease revenue bond.

Fund balance in the capital projects fund increased \$3,122,989 during fiscal year 2005 leaving an ending fund balance of \$14,446,308. \$4,493,818 of ending fund balance is restricted for specific capital projects, including roads. The increase in fund balance resulted from planned projects that are yet to be completed.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the City's proprietary funds amounted to \$44,100,417 for the water fund, \$5,798,462 for the waste fund, and \$14,923 for Alta Canyon Sports Center.

While total net assets of River Oaks Golf Course are \$552,035, unrestricted net assets are negative \$(111,659). The reserved portion of net assets that is invested in capital assets, net of related debt is \$663,694, which includes debt payable over the next seventeen years. The portion of net assets invested in capital assets, net of related debt is shown separately from unrestricted net assets because capital assets cannot be used to pay related debt or other expenses as they are being used in the course of business.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the general fund amounted to a \$28,191 reduction in appropriations.

A transfer from the general fund to the capital projects fund in the amount of \$28,191 was originally budgeted for traffic calming projects throughout the City causing a decrease in the overall general fund budget.

Another significant budget change in the general fund during fiscal year 2005 was the mid-year addition of a full-time contract attorney totaling \$93,809. The departments the position will primarily service (i.e. fire, police, and public utilities) funded this position. Additionally, the budgeted purchase of a \$25,000 vehicle in the public works department was moved to non-departmental to reserve for a future purchase. Other significant budget highlights include the appropriation of \$48,271 for selective enforcement and \$30,000 for the Metro fire contract, which were funded by the general fund contingency.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to land, improvements other than buildings, machinery and equipment, autos and trucks, infrastructure (roadway system), street light system, and storm drain system. The net decrease in the City's investment in capital assets for fiscal year 2005 was \$317,121 (a less than one percent decrease for governmental activities and a less than one percent increase for business-type activities). The primary reason for the governmental activities decrease is accumulated depreciation outpacing capital asset additions in fiscal year 2005.

Major capital asset events during fiscal year 2005 included the following:

- The Public Utilities Department completed the Bell Canyon Raw Water Aqueduct for a total of \$1,331,228.
- The City capitalized an additional \$1,256,154 for water main replacements and \$126,510 for well equipment replacements.
- An additional \$411,862 was capitalized for ongoing underground power line projects.
- An additional \$1,880,712 was added to infrastructure, including \$724,242 in infrastructure land.

SANDY CITY
Capital Assets, Net of Depreciation
June 30, 2005

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 189,709,253	\$ 188,931,711	\$ 6,649,806	\$ 6,419,636	\$ 196,359,059	\$ 195,351,347
Buildings and Systems	49,650,745	49,863,578	47,732,208	44,423,508	97,382,953	94,287,086
Improvement Other Than Buildings	8,679,321	8,697,143	786,154	801,036	9,465,475	9,498,179
Vehicles	5,541,080	6,292,679	32,741	-0-	5,573,821	6,292,679
Machinery and Equipment	2,251,187	2,859,895	148,271	145,883	2,399,458	3,005,778
Infrastructure	116,189,101	115,032,631	-0-	-0-	116,189,101	115,032,631
Construction in Progress	972,616	1,947,475	8,222,093	11,466,522	9,194,709	13,413,997
Total	\$ 372,993,303	\$ 373,625,112	\$ 63,571,273	\$ 63,256,585	\$ 436,564,576	\$ 436,881,697

The City did not record its roadway system infrastructure as part of the general fixed asset account group before July 1, 2002, but did record storm water and street light systems infrastructure in the appropriate funds at historical cost less depreciation. With the implementation of GASB Statement No. 34, Sandy City implemented the modified approach to account for roadway system infrastructure. Because many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained, GAAP allow a government to forego reporting depreciation in connection with networks or subsystems of infrastructure assets. A government choosing this option must commit to maintain those particular infrastructure assets at a predetermined condition level of its own choosing and must establish an asset management system that is adequate for that purpose. Sandy City has established a policy to maintain at least 80 percent of its roadway system at a good or better condition and have no more than 10 percent in a substandard condition. For the fiscal year ending June 30, 2005, the City has exceeded this goal for each of the three subsystems of the roadway network (arterials, collectors, and secondary) with 88.5 percent of the overall roadway network being in good or better condition and only .6 percent in substandard condition. This is an insignificant decrease from those in good or better condition at the end of fiscal year 2004 (89.7 percent) and from those in substandard condition for the fiscal year ending June 30, 2004 (.5 percent). The difference between the City's actual expenditures (\$4,647,642) and its predicted needs (\$5,121,575) to maintain the roadway system at these levels caused a 1.2 percent decrease in the overall system condition levels, but did not cause the levels to fall beneath the City's goal. More detailed information on this subject can be found in note 1 on page 52 of the notes to the financial statements and in the Required Supplementary Information section on page 81.

Additional information on the City's capital assets can be found in note 11 of the notes to the financial statements on pages 62-64 of this report.

Long-term debt. At the end of fiscal year 2005, the City had total long-term obligations outstanding of \$76,907,780. Of this amount, \$4,225,000 comprises debt backed by the full faith and credit of the government and \$6,018,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt (\$48,550,000) represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The

City's long-term obligations outstanding also include notes payable, long-term contracts payable, capital leases, and compensated absences totaling \$18,114,780.

SANDY CITY

Outstanding Debt

As of June 30, 2005

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 4,225,000	\$ 4,750,000	\$ -0-	\$ -0-	\$ 4,225,000	\$ 4,750,000
Special assessment debt with governmental commitment	6,018,000	6,653,000	-0-	-0-	6,018,000	6,653,000
Revenue bonds	34,340,000	37,245,000	14,210,000	14,365,000	48,550,000	51,610,000
Total bonds payable	44,583,000	48,648,000	14,210,000	14,365,000	58,793,000	63,013,000
Notes payable	1,835,000	1,945,000	-0-	-0-	1,835,000	1,945,000
Equipment lease	177,262	262,413	-0-	-0-	177,262	262,413
Compensated absences	2,270,418	2,274,111	-0-	-0-	2,270,418	2,274,111
Long-Term Contract Payable	-0-	-0-	13,832,100	-0-	13,832,100	-0-
Total other debt	4,282,680	4,481,524	13,832,100	-0-	18,114,780	4,481,524
Total outstanding debt	\$ 48,865,680	\$ 53,129,524	\$ 28,042,100	\$ 14,365,000	\$ 76,907,780	\$ 67,494,524

The City's total long-term debt increased \$9,413,256 (13.9 percent) during fiscal year 2005. Key factors in this increase are as follows:

- The City retired \$5,352,030 of debt with regularly scheduled payments.
- On November 1, 2004, the City issued \$16,520,000 in sales tax revenue and refunding bonds at 3 to 5 percent to refund the 1998C MBA lease revenue bond (\$7,150,000) and the 1999 MBA lease revenue bond (\$8,545,000) and to finance the costs associated with the acquisition, construction and equipment of road improvements, park improvements, and other City-owned capital improvements. Refunding the 1998C and 1999 bonds is expected to result in a decrease of \$231,738 in future debt service payments.
- The City entered into a contract with MWDSLS to receive preferential rights to water from the Ontario Drain Tunnel, increasing the Water Fund's long-term debt by \$13,832,100, payable over 27 years.

The City maintains a "Aa" rating from Moody's for Sandy City's general obligation bond and a "AA+" rating from Standard and Poor's for its sales tax revenue bonds. Only 3 percent of sales tax secured bonds enjoy a "AA+" bond rating nationwide. Standard and Poor's has rated the water revenue and refunding bonds "AA-".

Utah state statute limits the amount of general obligation debt a governmental entity may issue to 8 percent of the "reasonable fair cash value" of property. Of this percentage, a maximum of 4 percent may be used for general purposes. The remaining 4 percent and any unused portion of the 4 percent available for general purposes up to the maximum 8 percent may be utilized for water and/or sewer purposes. The current debt limitation for the City's general-purpose debt is \$272,568,204, and the limitation for water

and sewer debt is \$276,793,204. This limitation is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in note 12 on pages 65-71 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for fiscal year 2006:

- After several consecutive recessionary years, financial indicators point to strong economic growth in the next 12 months.
- The unemployment rate for Sandy City of 3.3 percent at June 30, 2005 did not change from June 30, 2004. This compares favorably with the State's June 2005 unemployment rate of 4.6 percent and the national seasonal unemployment rate of 5.0 percent.
- Sandy City continues to attract and maintain its commercial tax base through incentive strategies, legislative initiatives, and continued support from the existing business community.

While unreserved fund balance in the general fund did not change during fiscal year 2005, the City expects to contribute \$439,433 during fiscal year 2006, maintaining the cash reserve at 11.3 percent of general fund revenue.

As required by law, an impact fee study was completed in May 2005, which recommended changes to the City's fee schedule. In compliance with the recommendations, the City added police and fire impact fees to the budget for fiscal year 2006 and increased water connection fees. These fees are charged to new developments and are regulated by state law, which specifies that the proceeds be used for capital facilities made necessary by the new development.

In keeping with the master plan, the fiscal year 2006 budget includes the recommended annual 6.5 percent increase in order to meet escalating demand on the City's culinary water system. These increases will generate approximately \$1,050,000 in additional funding for capital outlays.

Parks reservation fees will increase 3 to 5 percent due to increases in employee compensation and utilities. Cemetery fee increases are 2 percent due to increased compensation costs. Similarly, community development fees will increase to bring fees closer to the actual cost of services. The fiscal year 2006 budget also accounts for a modest increase in recreation program fees to offset increasing costs and the addition of new programs.

Requests for Information

This financial report is designed to provide a general overview of Sandy City's finances for everyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sandy City Finance Department, 10000 Centennial Parkway, Sandy, Utah 84070.

BASIC FINANCIAL STATEMENTS

SANDY CITY**Statement of Net Assets****June 30, 2005****With Comparative Totals for 2004**

	Primary Government			
	Governmental	Business-Type		Comparative
	Activities	Activities	Total	Total - 2004
ASSETS				
Cash and Cash Equivalents	\$ 35,374,934	\$ 13,961,257	\$ 49,336,191	\$ 40,860,858
Receivables - Net	18,134,448	2,476,861	20,611,309	21,107,296
Due from Other Governmental Units	511,385	-0-	511,385	1,209,594
Internal Balances	(531,743)	531,743	-0-	-0-
Inventories	46,768	384,889	431,657	297,425
Prepaid Assets	213,235	643	213,878	26,652
Deferred Charges	631,702	491,390	1,123,092	633,431
Temporarily Restricted Cash:				
Road Funds	977,010	-0-	977,010	1,263,270
Capital Projects	5,152,735	-0-	5,152,735	5,306,095
Debt Service	1,420,600	-0-	1,420,600	3,010,830
Water Rights & Capacity	-0-	29,081,169	29,081,169	14,549,176
Investment in Joint Venture	-0-	5,170,743	5,170,743	5,034,041
Capital Assets (Net of Accumulated Depreciation)				
Land	189,709,253	6,649,806	196,359,059	195,351,347
Buildings and Systems	49,650,745	47,732,208	97,382,953	94,287,086
Improvements Other Than Buildings	8,679,322	786,154	9,465,476	9,498,179
Vehicles	5,541,081	32,741	5,573,822	6,292,679
Machinery and Equipment	2,251,185	148,271	2,399,456	3,005,778
Infrastructure	116,189,101	-0-	116,189,101	115,032,631
Construction in Progress	972,616	8,222,093	9,194,709	13,413,997
Total Assets	\$ 434,924,377	\$ 115,669,968	\$ 550,594,345	\$ 530,180,365

The accompanying notes are an integral part of this financial statement

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Comparative Total - 2004
LIABILITIES				
Accounts Payable	\$ 1,747,452	\$ 800,006	\$ 2,547,458	\$ 4,065,797
Salaries & Benefits Payable	1,560,248	183,548	1,743,796	1,465,349
Accrued Interest Payable	509,414	104,508	613,922	701,303
Unamortized Interest Payable	-0-	46,035	46,035	-0-
Claims & Judgements Payable	511,786	-0-	511,786	556,122
Due to Other Governmental Units	83,736	9,702	93,438	20,829
Due to Other Funds	-0-	-0-	-0-	-0-
Unearned Revenue	7,474,098	364,999	7,839,097	7,773,916
Deferred Assessments	5,828,000	-0-	5,828,000	6,469,000
Customer Deposits	2,557,762	192,066	2,749,828	1,632,741
Noncurrent Liabilities:				
Compensated Absences	2,198,254	-0-	2,198,254	2,274,111
Bonds, Notes, Leases and Other Payable:				
Due within One Year	5,084,615	1,004,980	6,089,595	4,895,151
Due in More Than One Year	41,582,811	27,037,120	68,619,931	60,325,262
Total Liabilities	69,138,176	29,742,964	98,881,140	90,179,581
NET ASSETS				
Invested In Capital Assets, Net of Related Debt	326,487,853	49,315,238	375,803,091	371,661,284
Restricted For:				
Debt service	1,420,600	-0-	1,420,600	3,010,830
Capital Projects	3,516,808	-0-	3,516,808	5,306,095
Road Funds	977,010	-0-	977,010	1,263,270
Unrestricted	33,383,930	36,611,766	69,995,696	58,759,305
Total Net Assets	\$ 365,786,201	\$ 85,927,004	\$ 451,713,205	\$ 440,000,784

SANDY CITY
Statement of Activities
For the Year Ended June 30, 2005
With Comparative Totals for the Year Ended 2004

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 6,732,132	\$ 30,691	\$ -0-	\$ -0-
Police & Animal Control	11,574,194	3,672,182	236,844	-0-
Fire	6,547,657	1,411,659	123,614	118,287
Public Works	7,492,157	2,894,576	2,875,279	324,500
Parks, Landscapes and Cemetery	4,163,629	122,858	12,643	5,000
Community Development	2,086,736	2,188,270	454,066	-0-
Economic Development	1,348,916	4,002,758	-0-	-0-
Recreation and Cultural Events	1,547,212	1,009,439	-0-	-0-
Electric Utility	870,085	68,090	-0-	-0-
Storm Water Utility	1,731,367	3,258,241	-0-	-0-
Interest on Long-Term Debt	2,237,033	-0-	-0-	-0-
Total Governmental Activities	46,331,118	18,658,764	3,702,446	447,787
Business-Type Activities:				
Alta Canyon Sports Center	1,058,633	571,502	-0-	-0-
Water	12,901,791	15,287,242	-0-	-0-
Waste	3,658,358	3,738,162	-0-	-0-
Golf Course	1,209,418	1,139,850	-0-	-0-
Total Business-Type Activities	18,828,200	20,736,756	-0-	-0-
Total Primary Government	\$ 65,159,318	\$ 39,395,520	\$ 3,702,446	\$ 447,787

General Revenues:

Property Taxes

Sales Taxes

Franchise Taxes

Motor Vehicle Fees

Interest Income

Sale of Fixed Assets

Sundry Revenue

Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

The accompanying notes are an integral part of this financial statement

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Comparative Total - 2004
\$ (6,701,441)	\$ -0-	\$ (6,701,441)	\$ (5,962,820)
(7,665,168)	-0-	(7,665,168)	(7,787,764)
(4,894,097)	-0-	(4,894,097)	(5,077,147)
(1,397,802)	-0-	(1,397,802)	(1,952,675)
(4,023,128)	-0-	(4,023,128)	(3,177,482)
555,600	-0-	555,600	288,122
2,653,842	-0-	2,653,842	2,476,788
(537,773)	-0-	(537,773)	(595,364)
(801,995)	-0-	(801,995)	(800,478)
1,526,874	-0-	1,526,874	1,372,907
(2,237,033)	-0-	(2,237,033)	(2,412,157)
(23,522,121)	-0-	(23,522,121)	(23,628,070)
-0-	(487,131)	(487,131)	(459,960)
-0-	2,385,451	2,385,451	7,264,454
-0-	79,804	79,804	268,669
-0-	(69,568)	(69,568)	(128,189)
-0-	1,908,556	1,908,556	6,944,974
(23,522,121)	1,908,556	(21,613,565)	(16,683,096)
7,262,922	290,752	7,553,674	7,616,097
15,857,517	-0-	15,857,517	15,161,445
6,284,131	-0-	6,284,131	4,688,366
818,905	37,835	856,740	922,927
709,066	327,089	1,036,155	569,722
10,731	-0-	10,731	2,021
1,727,038	-0-	1,727,038	1,710,410
(150,000)	150,000	-0-	-0-
32,520,310	805,676	33,325,986	30,670,988
8,998,189	2,714,232	11,712,421	13,987,892
356,788,012	83,212,772	440,000,784	426,012,892
\$ 365,786,201	\$ 85,927,004	\$ 451,713,205	\$ 440,000,784

SANDY CITY
Balance Sheet
Governmental Funds
June 30, 2005
With Comparative Totals for 2004

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds	Governmental Funds	
						Total	Comparative 2004
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 5,087,272	\$ 6,063,406	\$ -0-	\$ 10,113,813	\$ 5,130,300	\$ 26,394,791	\$ 20,351,003
Receivables - Net	10,032,760	965,602	6,150,322	-0-	8,019	17,156,703	17,361,885
Due from other Govt. Units	298,748	-0-	-0-	81,532	131,105	511,385	858,839
Due From Other Funds	-0-	-0-	-0-	-0-	191,695	191,695	3,105
Prepaid Assets	178,838	-0-	-0-	-0-	34,098	212,936	26,652
Temporarily Restricted Cash:							
Road Funds	-0-	-0-	-0-	977,010	-0-	977,010	1,263,270
Capital Projects	-0-	-0-	1,635,927	3,516,808	-0-	5,152,735	5,082,959
Debt Service	-0-	-0-	1,420,600	-0-	-0-	1,420,600	3,010,830
Total Assets	15,597,618	7,029,008	9,206,849	14,689,163	5,495,217	52,017,855	47,958,543
<u>LIABILITIES:</u>							
Accounts Payable	700,097	50,364	6,497	242,855	612,564	1,612,377	2,142,670
Salaries & Benefits Payable	1,419,206	34,370	-0-	-0-	52,443	1,506,019	1,249,053
Due to Other Govt. Units	81,793	-0-	-0-	-0-	1,943	83,736	9,495
Due to Other Funds	-0-	-0-	191,695	-0-	-0-	191,695	3,105
Deferred Revenue	6,757,600	-0-	6,173,498	-0-	-0-	12,931,098	13,505,559
Deposits	2,484,031	47,335	-0-	-0-	26,396	2,557,762	1,526,278
Total Liabilities	11,442,727	132,069	6,371,690	242,855	693,346	18,882,687	18,436,160
Fund Balance							
Reserved for:							
Debt Service	-0-	-0-	1,420,600	-0-	-0-	1,420,600	3,010,830
Capital Projects	-0-	-0-	-0-	3,516,808	-0-	3,516,808	5,082,959
Roads	-0-	-0-	-0-	977,010	-0-	977,010	1,263,270
Unreserved Fund Balances	4,154,891	6,896,939	1,414,559	9,952,490	4,801,871	27,220,750	20,165,324
Total Fund Balances	4,154,891	6,896,939	2,835,159	14,446,308	4,801,871	33,135,168	29,522,383
Total Liabilities and Fund Balances	\$ 15,597,618	\$ 7,029,008	\$ 9,206,849	\$ 14,689,163	\$ 5,495,217	\$ 52,017,855	\$ 47,958,543

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets June 30, 2005

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Total Fund Balances for Governmental Funds (page 38)		\$ 33,135,168
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	189,709,253	
Buildings and Systems	49,650,744	
Improvements Other Than Buildings	8,649,428	
Vehicles	3,654	
Machinery and Equipment	481,153	
Infrastructure	116,189,101	
Construction in Progress	972,616	
Total Capital Assets		365,655,949
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as receivables.		
		629,818
A portion of the excess revenue collected by the internal service funds must be returned to the business-type activities.		
		(531,743)
Internal services funds are used by the City to charge the costs of the fleet operations, information services, insurance, risk management, equipment and employee benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		14,109,855
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net assets.		
Accrued Interest Payable	(509,414)	
Unamortized Bond Issuance Costs	631,702	
	(4,925,000)	
Bonds, Notes and Leases Payable - Noncurrent	(41,493,000)	
Compensated Absences - Noncurrent	(917,134)	
		(47,212,846)
Net Assets of Governmental Activities (page 35)		\$ 365,786,201

The accompanying notes are an integral part of this financial statement

SANDY CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005

With Comparative Totals for the Year Ended 2004

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Funds	Governmental Funds	
						Total	Comparative Total - 2004
Revenues:							
Taxes	\$ 30,042,946	\$ -0-	\$ 281,950	\$ -0-	\$ 3,999,295	\$ 34,324,191	\$ 31,626,757
Special Assessments	-0-	-0-	986,961	-0-	1,550	988,511	994,215
Innkeeper Fees	-0-	-0-	194,291	-0-	-0-	194,291	178,730
Licenses & Permits	2,011,739	-0-	-0-	-0-	-0-	2,011,739	1,740,360
Inter-Governmental Revenue	3,051,028	-0-	-0-	469,280	454,066	3,974,374	4,449,925
Charges for Services	1,851,035	2,911,368	269,759	934	874,382	5,907,478	5,575,609
Administrative Charges	1,344,587	-0-	-0-	-0-	-0-	1,344,587	1,151,671
Fines & Forfeitures	2,299,500	-0-	-0-	287,626	-0-	2,587,126	2,661,801
Cell Tower Lease	-0-	-0-	-0-	153,555	-0-	153,555	138,426
Fees from Developers	-0-	327,545	-0-	283,862	-0-	611,407	223,197
Interest Income	114,103	125,534	90,607	249,698	129,125	709,067	410,214
Miscellaneous Revenues	26,323	17,828	-0-	96,151	1,415,045	1,555,347	720,761
Total Revenues	40,741,261	3,382,275	1,823,568	1,541,106	6,873,463	54,361,673	49,871,666
Expenditures:							
Current							
General Government	7,589,684	-0-	-0-	-0-	27,177	7,616,861	7,271,840
Police & Animal Control	10,571,016	-0-	-0-	-0-	1,052,746	11,623,762	11,033,512
Fire	6,303,432	-0-	-0-	-0-	115,260	6,418,692	6,497,598
Public Works	4,773,383	-0-	-0-	-0-	294	4,773,677	4,990,014
Parks, Landscapes and Cemetery	2,660,847	-0-	-0-	-0-	32,971	2,693,818	2,661,076
Community Development	1,819,349	-0-	-0-	-0-	218,070	2,037,419	2,029,435
Economic Development	-0-	-0-	-0-	-0-	1,342,373	1,342,373	1,033,553
Recreation and Cultural Events	-0-	-0-	-0-	-0-	1,483,375	1,483,375	1,329,247
Electric Utility	-0-	-0-	-0-	-0-	568,783	568,783	591,767
Storm Water Utility	-0-	1,201,137	-0-	-0-	-0-	1,201,137	1,096,292
Capital Outlays:							
Public Works	-0-	-0-	-0-	2,995,550	-0-	2,995,550	7,145,118
Electric Utility	-0-	-0-	-0-	-0-	119,994	119,994	167,561
Storm Water Utility	-0-	800,994	-0-	-0-	-0-	800,994	576,181
Other Capital Outlays	-0-	-0-	-0-	-0-	10,290	10,290	318,550
Debt Service							
Principal	-0-	-0-	20,695,000	-0-	-0-	20,695,000	8,378,000
Interest on Long-Term Debt	-0-	-0-	2,234,858	-0-	-0-	2,234,858	2,578,065
Bond Issuance Cost and Trustee Fees	-0-	-0-	1,372,135	-0-	-0-	1,372,135	139,136
Total Expenditures	33,717,711	2,002,131	24,301,993	2,995,550	4,971,333	67,988,718	57,836,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,023,550	1,380,144	(22,478,425)	(1,454,444)	1,902,130	(13,627,045)	(7,965,279)
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	16,520,000	-0-	-0-	16,520,000	7,287,091
Bond Premium	-0-	-0-	857,599	-0-	-0-	857,599	-0-
Fees from Developers	-0-	-0-	-0-	-0-	-0-	-0-	210,003
Other Income	-0-	-0-	-0-	-0-	-0-	-0-	1,304
Sale of Capital Assets	2,531	1,500	-0-	8,200	-0-	12,231	2,649
Transfers In	40,000	40,000	4,461,752	4,569,233	1,184,931	10,295,916	8,466,823
Transfers Out	(7,066,081)	(923,205)	(729,090)	-0-	(1,727,540)	(10,445,916)	(8,616,823)
Total Other Financing Sources (Uses)	(7,023,550)	(881,705)	21,110,261	4,577,433	(542,609)	17,239,830	7,351,047
Net Change in Fund Balances	-0-	498,439	(1,368,164)	3,122,989	1,359,521	3,612,785	(614,232)
Beginning Fund Balances	4,154,891	6,398,500	4,203,323	11,323,319	3,442,350	29,522,383	30,136,615
Ending Fund Balances	\$ 4,154,891	\$ 6,896,939	\$ 2,835,159	\$ 14,446,308	\$ 4,801,871	\$ 33,135,168	\$ 29,522,383

The accompanying notes are an integral part of this financial statement

SANDY CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2005

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental (page 40)	\$ 3,612,785
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	621,379
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	11,686
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,671,511
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	37,762
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Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	43,066
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Change in Net Assets of Governmental Activities (page 37)	<u>\$ 8,998,189</u>
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The accompanying notes are an integral part of this financial statement

SANDY CITY**General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes:				
General Property Taxes	\$ 7,056,688	\$ 7,056,688	\$ 7,082,393	\$ 25,705
General Sales & Use Taxes	15,049,800	15,049,800	15,857,517	807,717
Franchise Taxes	4,398,570	4,398,570	6,284,131	1,885,561
Motor Vehicle Fee	862,150	862,150	818,905	(43,245)
Total Taxes	27,367,208	27,367,208	30,042,946	2,675,738
Licenses & Permits	1,724,900	1,724,900	2,011,739	286,839
Inter-Governmental Revenue	3,373,425	3,373,425	3,051,028	(322,397)
Charges for Services	1,645,300	1,645,300	1,851,035	205,735
Administrative Charges	1,326,674	1,326,674	1,344,587	17,913
Fines & Forfeitures	2,379,300	2,379,300	2,299,500	(79,800)
Interest Income	49,900	49,900	114,103	64,203
Miscellaneous Revenues	23,000	23,000	26,323	3,323
Total Revenues	37,889,707	37,889,707	40,741,261	2,851,554
Expenditures:				
Current				
General Government:				
Mayor	441,311	441,311	441,259	52
City Administrator	1,862,373	1,862,373	1,862,169	204
City Council	465,882	465,882	424,622	41,260
City Attorney	853,914	947,723	947,723	-0-
Court Services	1,055,163	1,055,163	1,054,825	338
Administrative Services	1,516,255	1,516,255	1,516,174	81
Non-Departmental	1,464,204	1,404,845	1,342,912	61,933
Total General Government	7,659,102	7,693,552	7,589,684	103,868
Public Safety:				
Police & Animal Control	10,800,910	10,795,314	10,571,016	224,298
Fire	6,338,366	6,304,021	6,303,432	589
Total Public Safety	17,139,276	17,099,335	16,874,448	224,887
Public Works	4,907,153	4,882,903	4,773,383	109,520
Parks and Cemetery	2,685,837	2,687,387	2,660,847	26,540
Community Development	1,820,350	1,820,350	1,819,349	1,001
Total Expenditures	34,211,718	34,183,527	33,717,711	465,816
Excess of Revenues Over Expenditures	3,677,989	3,706,180	7,023,550	3,317,370
Other Financing Sources (Uses):				
Sale of Capital Assets	-0-	-0-	2,531	2,531
Transfers In	-0-	-0-	40,000	40,000
Transfers Out	(3,677,989)	(3,706,180)	(7,066,081)	(3,359,901)
Total Other Financing Sources (Uses)	(3,677,989)	(3,706,180)	(7,023,550)	(3,317,370)
Net Change in Fund Balances	-0-	-0-	-0-	-0-
Beginning Fund Balances	4,154,891	4,154,891	4,154,891	-0-
Ending Fund Balances	\$ 4,154,891	\$ 4,154,891	\$ 4,154,891	\$ -0-

The accompanying notes are an integral part of this financial statement

SANDY CITY

Storm Water Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Sales & Services	\$ 2,693,424	\$ 2,911,368	\$ 217,944
Fees from Developers	300,000	327,545	27,545
Interest Income	80,000	125,534	45,534
Miscellaneous Revenues	-0-	17,828	17,828
Total Revenues	3,073,424	3,382,275	308,851
Expenditures:			
Salaries and Benefits	486,767	498,654	(11,887)
Materials & Supplies	141,924	91,502	50,422
Contracted Services	110,680	104,125	6,555
Internal Charges	1,005,198	274,232	730,966
Administrative Charges	44,338	44,338	-0-
Cost of Goods Sold	11,263	188,286	(177,023)
Capital Outlays	5,729,998	800,994	4,929,004
Total Expenditures	7,530,168	2,002,131	5,528,037
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,456,744)	1,380,144	5,836,888
Other Financing Sources (Uses):			
Sale of Capital Assets	3,500	1,500	(2,000)
Transfers In	-0-	40,000	40,000
Transfers Out	(927,483)	(923,205)	4,278
Total Other Financing Sources (Uses)	(923,983)	(881,705)	42,278
Net Change in Fund Balances	(5,380,727)	498,439	5,879,166
Beginning Fund Balances	6,398,500	6,398,500	-0-
Ending Fund Balances	\$ 1,017,773	\$ 6,896,939	\$ 5,879,166

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 146,081	\$ 13,198,616	\$ 616,560	\$ -0-	\$ 13,961,257	\$ 8,980,143
Receivables - Net	282,317	1,873,931	320,113	500	2,476,861	347,927
Due from other Govt. Units	-0-	-0-	-0-	-0-	-0-	-0-
Due From Other Funds	-0-	100,695	-0-	-0-	100,695	-0-
Prepaid Assets	-0-	533	-0-	110	643	299
Deferred Charges	-0-	491,390	-0-	-0-	491,390	-0-
Inventories	-0-	269,817	-0-	115,072	384,889	46,768
Total Current Assets	428,398	15,934,982	936,673	115,682	17,415,735	9,375,137
Noncurrent Assets:						
Investment In:						
Water Stock, Rights, and Capacity	-0-	29,081,169	-0-	-0-	29,081,169	-0-
Joint Venture	-0-	-0-	5,170,743	-0-	5,170,743	-0-
Capital Assets						
Land, Building, Plant, and Equipment	4,607,868	85,338,344	-0-	4,908,150	94,854,362	19,651,438
Accumulated Depreciation	(3,162,538)	(36,312,538)	-0-	(30,105)	(39,505,181)	(12,314,084)
Construction in Progress	-0-	8,222,092	-0-	-0-	8,222,092	-0-
Total Assets	1,873,728	102,264,049	6,107,416	4,993,727	115,238,920	16,712,491
LIABILITIES:						
Current Liabilities:						
Accounts Payable	10,947	508,069	262,855	18,135	800,006	135,075
Salaries & Benefits Payable	36,464	117,646	9,306	20,132	183,548	54,229
Accrued Interest Payable	-0-	47,951	-0-	56,557	104,508	-0-
Due to Other Govt. Units	91	-0-	-0-	9,611	9,702	511,786
Due to Other Funds	-0-	-0-	-0-	100,695	100,695	-0-
Deferred/Unearned Income	346,956	18,043	-0-	-0-	364,999	371,000
Deposits	19,017	114,045	36,793	22,211	192,066	-0-
Bonds Payable	-0-	735,000	-0-	160,000	895,000	-0-
Capital Leases	-0-	-0-	-0-	-0-	-0-	87,450
Other Payables	-0-	109,980	-0-	-0-	109,980	72,165
Total Current Liabilities	413,475	1,650,734	308,954	387,341	2,760,504	1,231,705
Noncurrent Liabilities						
Compensated Absences	-0-	-0-	-0-	-0-	-0-	1,281,120
Bonds Payable	-0-	9,306,684	-0-	4,054,351	13,361,035	-0-
Capital Leases	-0-	-0-	-0-	-0-	-0-	89,811
Notes Payable	-0-	13,722,120	-0-	-0-	13,722,120	-0-
Total Noncurrent Liabilities:	-0-	23,028,804	-0-	4,054,351	27,083,155	1,370,931
Total Liabilities	413,475	24,679,538	308,954	4,441,692	29,843,659	2,602,636
NET ASSETS						
Invested In Capital Assets, Net of Related Debt	1,445,330	33,484,094	-0-	663,694	35,593,118	7,160,093
Restricted For						
Capital Projects	-0-	-0-	-0-	-0-	-0-	-0-
Unrestricted	14,923	44,100,417	5,798,462	(111,659)	49,802,143	6,949,762
Total Net Assets	\$ 1,460,253	\$ 77,584,511	\$ 5,798,462	\$ 552,035	85,395,261	\$ 14,109,855
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					531,743	
Net assets of business-type activities (page 35)					<u>\$ 85,927,004</u>	

The accompanying notes are an integral part of this financial statement

SANDY CITY

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Operating Revenues:						
Charges for Sales & Services	\$ 538,295	\$ 14,337,428	\$ 3,601,459	\$ 1,119,124	\$ 19,596,306	\$ 5,608,475
Miscellaneous Revenues	-0-	-0-	-0-	-0-	-0-	93,028
Total Operating Revenues	538,295	14,337,428	3,601,459	1,119,124	19,596,306	5,701,503
Operating Expenses:						
Salaries and Benefits	581,880	1,449,759	189,427	453,694	2,674,760	1,573,088
Materials & Supplies	125,262	533,290	53,986	136,427	848,965	54,912
Contracted Services	65,741	407,171	-0-	63,605	536,517	1,020,257
Internal Charges	23,901	494,555	184,341	163,221	866,018	21,500
Administrative Charges	58,376	647,400	223,467	34,939	964,182	198,445
Cost of Goods Sold	36,737	6,284,069	2,988,623	124,685	9,434,114	833,888
Capital Outlays	19,816	22,073	-0-	5,990	47,879	386,539
Depreciation	148,168	2,670,141	-0-	15,058	2,833,367	2,106,517
Total Operating Expenses	1,059,881	12,508,458	3,639,844	997,619	18,205,802	6,195,146
Operating Income/(Loss)	(521,586)	1,828,970	(38,385)	121,505	1,390,504	(493,643)
Nonoperating Revenues (Expenses):						
Property Taxes	328,587	-0-	-0-	-0-	328,587	374,712
Inter-Governmental Revenue	-0-	22,112	-0-	-0-	22,112	-0-
Interest Income	2,861	309,998	14,200	30	327,089	182,516
Cell Tower Lease	28,077	210,132	-0-	-0-	238,209	-0-
Fees from Developers	-0-	706,480	-0-	-0-	706,480	-0-
Equity Earnings from Joint Venture	-0-	-0-	136,703	-0-	136,703	-0-
Other Income (Expense)	5,129	23,638	-0-	(3,355)	25,412	-0-
Gain/(Loss) on Disposal of Asset	-0-	(14,798)	-0-	20,726	5,928	25,056
Bond Interest Expense	-0-	(458,330)	-0-	(196,959)	(655,289)	(7,078)
Total Nonoperating Revenues (Expenses):	364,654	799,232	150,903	(179,558)	1,135,231	575,206
Income/(Loss) Before Transfers	(156,932)	2,628,202	112,518	(58,053)	2,525,735	81,563
Other Financing Sources (Uses):						
Transfers In	-0-	-0-	-0-	150,000	150,000	80,000
Transfers Out	-0-	-0-	-0-	-0-	-0-	(80,000)
Change in Net Assets	(156,932)	2,628,202	112,518	91,947	2,675,735	81,563
Beginning Net Assets	1,617,185	74,956,309	5,685,944	460,088		14,028,292
Ending Net Assets	\$ 1,460,253	\$ 77,584,511	\$ 5,798,462	\$ 552,035		\$ 14,109,855
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					38,497	
Change in net assets of business-type activities (page 37)					\$ 2,714,232	

The accompanying notes are an integral part of this financial statement

SANDY CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business - Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Alta Canyon Sports Center	Water	Waste	Golf	TOTALS	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 556,862	\$ 14,586,325	\$ 3,629,969	\$ 1,117,588	\$ 19,890,744	\$ 5,792,651
Payments to Suppliers	(343,922)	(9,111,155)	(3,648,485)	(574,482)	(13,678,044)	(2,704,360)
Payments to Employees	(579,803)	(1,428,810)	(187,120)	(454,623)	(2,650,356)	(1,588,512)
Other Income	5,130	23,638	-0-	(3,355)	25,413	-0-
Net Cash Provided by (Used in) Operating Activities	(361,733)	4,069,998	(205,636)	85,128	3,587,757	1,499,779
Cash Flows from Noncapital Financing Activities:						
Tax Receipts	329,987	-0-	-0-	-0-	329,987	374,462
Cash Received (Paid) on Interfund Loan	-0-	(100,695)	-0-	100,695	-0-	-0-
Transfers from Other Funds	-0-	-0-	-0-	150,000	150,000	-0-
Net Cash Provided from Noncapital Financing Activities	329,987	(100,695)	-0-	250,695	479,987	374,462
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	(43,917)	(4,181,763)	-0-	(80,966)	(4,306,646)	(1,030,769)
Capital Grants and Contributions	-0-	372,867	-0-	-0-	372,867	-0-
Principal Paid on Revenue Bonds	-0-	-0-	-0-	(155,000)	(155,000)	(85,151)
Interest Paid on Revenue Bonds	-0-	(478,381)	-0-	(196,233)	(674,614)	(7,078)
Proceeds from Cell Tower Leases	28,077	210,132	-0-	-0-	238,209	-0-
Contributions From Developers	-0-	706,480	-0-	-0-	706,480	-0-
Proceeds from Sale of Fixed Assets	-0-	443,899	-0-	20,726	464,625	233,895
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,840)	(2,926,766)	-0-	(411,473)	(3,354,079)	(889,103)
Cash Flows from Investing Activities:						
Interest Income Received	2,861	309,998	14,201	30	327,090	182,516
Net Increase (Decrease) in Cash and Cash Equivalents	(44,725)	1,352,535	(191,435)	(75,620)	1,040,755	1,167,654
Cash and Cash Equivalents - Beginning of Year	190,806	11,846,081	807,995	75,620	12,920,502	7,812,489
Cash and Cash Equivalents - End of Year	\$ 146,081	\$ 13,198,616	\$ 616,560	\$ -0-	\$ 13,961,257	\$ 8,980,143
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:						
Operating Income	\$ (521,586)	\$ 1,828,970	\$ (38,385)	\$ 121,505	\$ 1,390,504	\$ (493,643)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:						
Depreciation	148,168	2,670,141	-0-	15,058	2,833,367	2,106,517
Other Non-Operating Income	5,130	23,638	-0-	(3,355)	25,413	-0-
Increase (Decrease) Due to Changes in:						
Accounts Receivables	5,082	211,401	(4,640)	(500)	211,343	91,148
Inventories	-0-	(90,329)	-0-	(42,219)	(132,548)	(1,684)
Prepaid Assets	-0-	(533)	-0-	(110)	(643)	(299)
Accounts Payable	(14,089)	(631,735)	(198,068)	(3,286)	(847,178)	(186,836)
Salaries & Benefits Payable	2,077	20,949	2,307	(929)	24,404	(15,424)
Deferred Revenue	13,493	(16,001)	-0-	-0-	(2,508)	-0-
Customer Deposits	(8)	53,497	33,150	(1,036)	85,603	-0-
Net Cash Provided (Used) by Operating Activities	\$ (361,733)	\$ 4,069,998	\$ (205,636)	\$ 85,128	\$ 3,587,757	\$ 1,499,779
Noncash Investing, Capital, and Financing Activities:						
Contributions of Fixed Assets From Developers	-0-	280,241	-0-	-0-	280,241	-0-
Increase in Investments in Joint Venture	-0-	-0-	136,702	-0-	136,702	-0-

The accompanying notes are an integral part of this financial statement

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City operates under the council-mayor optional form of government. The City Council, comprised of seven elected individuals, is the governing authority for the City. The elected Mayor, with no voting rights on the City Council, has various administrative and veto powers. The City Council establishes City policy, approves the budget, and ratifies the appointment of the City Officials. The City Council is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government.

As required by Accounting Principles Generally Accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Therefore, data from these units are combined with data of the primary government. Each blended unit has a June 30 year end.

Blended Component Unit

The Sandy Redevelopment Agency (the Agency) was legally created as authorized by the Utah Neighborhood Development Act. The City Council is designated by ordinance as the governing body of the Agency. Therefore, the Agency is part of the City's reporting entity because the City has accountability for all significant fiscal and operating matters. The agency is reported as a Nonmajor Governmental Fund.

The Alta Canyon Recreation Special Service District (the District) was legally created as authorized by the Utah Special Service District Act. The District is within the boundaries of the City and services the northeast quadrant (or about one-fourth) of the City. The District's Advisory Board is comprised of seven elected individuals. The Advisory Board establishes District policy, appoints the District officials, advises the City with respect to collection and disbursement of funds, and is responsible for funding deficits. The District also has the following powers: to sue and be sued, eminent domain, to enter into contracts, and to acquire and construct facilities. Of equal importance, no tax may be levied and no bonds shall be issued unless authorized by a majority of the qualified voters of the District.

The City Council approves the District's budget, property tax rate, issuance of any long-term debt, and can, at its discretion, dissolve the District. The District provides services which almost exclusively benefit the City. As of January 1, 2003, the District requested the City to take over the management of its daily operations. The District is reported as a blended component unit in the Enterprise Section of the financial statements.

Investment in Joint Venture

The City is a partner with neighboring cities in a joint venture known as Trans-Jordan Cities. The purpose of this joint venture is to provide solid waste management and disposal services. Investment in this joint venture is accounted for using the equity method (see note 9).

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Related Organizations

The City also has activities with Metropolitan Water District of Salt Lake and Sandy (MWDSLs). City officials appoint members to the board of directors, but the City's accountability does not extend beyond making the appointments.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements. Governmental activities, which are largely supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the Governmental Funds, Proprietary Funds, and Internal Service Funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the basic financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All Governmental Fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental Funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Governmental Fund financial statements are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally 60 days. Principal revenue sources susceptible to accrual include property taxes, sales taxes, franchise taxes, special assessments, and interest on investments. Furthermore, expenditures are recorded when fund liabilities

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

are incurred.

The Enterprise and Internal Service Fund financial statements are reported using the accrual basis of accounting. These funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds. Pronouncements of the Financial Accounting Standards Board (FASB) are applied if issued on or before November 30, 1989 and do not conflict with GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for the normal activities of the City (police, fire, public works, parks, community development, general government, etc.). These activities are funded principally by property taxes, sales and use taxes, franchise taxes, licenses, and permits.

The **Storm Water Fund** accounts for the City's revenues and capital expenditures associated with drainage for storm water runoff.

The **Debt Service Funds** are used to account for the accumulation of resources for payment of general long-term debt principal and interest and special assessment levies when the City is obligated in some manner for the payment.

The **Capital Projects Fund** accounts for the resources used to acquire, construct, and improve major capital facilities, other than those financed by Proprietary Funds. Capital Projects funds allow the City to compile project cost data and demonstrate that legal or contractual requirements, regarding the use of the resources, are fully satisfied. The principal source of funding is contributions from developers restricted for capital construction, operating transfers from the General Fund, grants, and bonding. All funds received for a particular purpose are restricted and used specifically for that purpose.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

The City reports the following major Proprietary Funds:

The **Alta Canyon Sports Center Fund** accounts for the activities created by the Alta Canyon Recreation Special Service District.

The **Water Fund** is used to account for the operations of the City's water utility.

The **Waste Fund** accounts for waste collection services provided by an independent contractor.

The **Golf Fund** is used to account for the City's golf course.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The Internal Service Funds include the Fleet Fund, the Information Services Fund, the Risk Management Fund, the Equipment Management Fund, and the Payroll Management Fund.

Budget Operation

The City operates within the budget requirements as specified by Utah State law. The financial reports reflect the following budget standards:

1. For the fiscal year beginning July 1, the budget officer prepares a tentative budget which is presented to the City Council on or before the first regularly scheduled meeting in May.
2. By resolution, the City Council legally adopts the final budget on or before June 22, after appropriate public hearings have been held. However, if there is a change to the certified tax rate, the final budget can be adopted as late as August 17.
3. Once adopted, the budget can be amended by subsequent City Council action. Reductions in or reallocations of departmental appropriations can be approved by the City Council upon recommendation of the Budget Officer, but increased appropriations require a public hearing prior to amending the budget. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with the approval of the Budget Officer.
4. Interim adjustments in estimated revenue and departmental appropriations during the fiscal year 2005 have been included in the final budget approved by the City Council, as presented in the financial statements. These amendments were not material in relation to the original appropriations.
5. As determined by Utah State law, the level for which expenditures may not legally exceed appropriations is the departmental budget within a given fund.
6. Budgets for the General, Special Revenue, Debt Service (General Purposes Debt Service Fund only), and Capital Projects Funds are adopted on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Special Assessment Funds are grouped with Debt

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Service Funds. Operating and capital budgets are required by Utah State law for Proprietary Fund types, although such budgets are not required to be presented in the financial statements. In addition, budgets for Special Assessment Funds are not required by Utah State law.

7. All unexpended appropriations lapse at the end of the budget year. However, unexpended Capital Projects Fund appropriations may be reappropriated by a resolution of the City Council without holding public hearings.

Encumbrances

Encumbrance accounting is not employed by the City.

Investments

Investments in interest earning deposits are stated at cost plus or minus unamortized premiums or discounts which approximates fair value.

Inventory

The inventories are stated at the lower of cost, determined on the first-in first-out basis, or market.

Deferred Charges

Deferred charges represent issuance costs on bonds which are amortized over the life of the issue using the bonds outstanding or straight-line method, which approximates the interest method.

Interfund Transactions

In the normal course of its operations, the City has various transactions between funds. Various City funds provide a number of services such as administrative, fleet operations, information services, insurance and risk management, etc. to other City funds. Charges are treated as revenues in the fund providing the service and as operating expenses in the fund receiving the service. Non-recurring and non-routine transfers are accounted for as changes in fund balance. Other transfers are recognized as transfers in and out, respectively, by the funds involved. Short-term payables are shown as due to/from other funds. Long-term payables are shown as advances to/from other funds.

Other Depreciable Property

Other depreciable property, including autos, trucks, machinery and equipment, and office furniture and equipment, is stated at cost. Depreciation has been provided on a straight-line method over estimated useful lives.

Water Rights

Water stock, rights, and capacity are stated at cost.

Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

cost of more than \$7,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Wells	25 years
Water Tanks	25 years
Distribution Mains	33 years
Buildings and Structures	20-40 years
Pumps	8 years
Machinery and Equipment	5-10 years
Vehicles	5-15 years
Office Furniture and Equipment	5-10 years
Street Lights and Traffic Signals	30-50 years
Storm Water Improvements	40 years
Pools	30 years
Infrastructure	25 years

Modified Approach

With the implementation of GASB Statement No. 34, Sandy City began capitalizing roadway system infrastructure in fiscal year 2003. The City elected to follow the modified approach to account for this infrastructure. The City has made a commitment to preserve and maintain the roadway system of infrastructure assets at a condition level determined by the City. The City's Public Works department is responsible for determining the appropriate condition level at which the roadway system is to be maintained. No depreciation expense is reported for the roadway system after July 1, 2002; however, the estimated historical cost of roadway system infrastructure up to July 1, 2002 was recorded in total along with corresponding accumulated depreciation. Amounts capitalized in connection with improvements that lengthen the life of the roadway system are not reported unless the improvements also increase its service potential. The City maintains an inventory of the roadway system and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Annual estimates are made by the City of the amounts that must be expended to preserve and maintain the roadway system at the predetermined condition levels.

Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue. With the July 1, 2001 adoption of SGAS No. 34, amounts that were contributed in prior years and were shown as contributed capital at June 30, 2002, have been reclassified as beginning net assets.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Capital Leases

The City has acquired certain assets under leases which are required by Accounting Principles Generally Accepted in the United States of America to be accounted for as capital leases. A capital lease is one which results in the lessee (the City) obtaining financing for the purchase of the leased asset. The present values of the lease payments at inception of the leases and the corresponding assets are recorded. Governmental fund capital lease transactions are accounted for in the governmental activities portion of the government-wide statements, while those of the proprietary funds are accounted for in their respective funds. The liability is reduced each year by the portion of lease payments representing principal, not interest. The cost of leased assets is amortized over the life of the assets and the amortization expense is included with depreciation expense.

Utility Revenue

Throughout the year, utility revenues in the Water, Electric Utilities, and Storm Water Utilities funds are recorded when billed. At year end, the fund records, as unbilled receivables and revenue, an amount which approximates revenue from the last meter reading or billing date at fiscal year end.

Deferred Revenue

Deferred property tax revenue as of June 30, 2005 consists of property taxes levied for fiscal year 2004-2005 and collected in advance or recorded as a receivable. Deferred special assessment revenue as of June 30, 2005 consists of special assessments levied but not collected or available to pay liabilities of the current period.

Total Columns

The total columns shown on the accompanying fund financial statements are mathematical totals only and do not eliminate inter-fund transactions or include other entries required to present consolidated financial statements. The government-wide financial statements do, however, eliminate most inter-fund transactions and the double counting of revenues and expenses. They are therefore much closer to the consolidated financial statements presented in private sector accounting.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are therefore reported as receivables. The \$629,818 in receivables consists of \$339,997 of delinquent property taxes and \$289,821 of justice court receivables.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The \$621,379 difference consists of \$4,011,449 of capital outlays, \$(947,390) asset deletions and \$(2,442,680) of depreciation expense.

Another element of that reconciliation states that "The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The \$4,671,511 difference consists of:

Principal Repayments	\$ 20,695,000
Amortization of Issuance Costs	(49,251)
Difference Between Interest Paid and Interest Expense Accrued	47,075
Debt issued or incurred:	
Sales Tax Revenue Bonds	(16,520,000)
Issuance Cost (net of premiums)	<u>498,687</u>
Total Difference Related to the Issuance and Repayment of Debt	<u>\$ 4,671,511</u>

Note 3 - Property Taxes

The property tax revenue of Sandy City is collected and distributed by the Salt Lake County Treasurer as an agent for the City. Utah State laws establish the process by which taxes are levied and collected. The property tax calendar is as follows:

1. By March 1, the City notifies the County Commission to establish a proposed date, time, and place for a tax rate adoption hearing.
2. By March 31, the County Treasurer settles property taxes charged and collected for the previous year.
3. By June 8, the County Auditor sends valuation, certified tax rate, and levy worksheet forms to the City.
4. Before June 22, the City adopts a proposed tax rate and certifies the tax rate with the County Auditor.
5. Before July 22 (if the City adopts a tax rate higher than the certified tax rate), the County Auditor mails a notice of intent to exceed the certified tax rate to property owners. This notice is normally combined with the tax notice.
6. By August 17, the City adopts the final tax rate and certifies the tax rate with the County Auditor.
7. Between August 8 and August 22, taxpayers may petition the County Board of Equalization for an adjustment in the taxable value of the real property.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

8. By November 1, the County Auditor approves changes in taxable value of the real property and the County Treasurer mails tax notices with a due date of November 30. Payments made after November 30 are considered delinquent and are subject to a penalty.
9. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the real property, and the amount of taxes and penalties bear interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale.

With the July 1, 2000 adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, Sandy City changed its method of accounting for property taxes. SGAS No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, defines a nonexchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes has recorded a receivable and a corresponding deferred revenue for the assessed amount of those property taxes as of January 1, 2005. Most of the tax will not be received until the following fiscal year.

Note 4 - Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Detailed accounting records are maintained for each individual fund; however, to provide the maximum amount of interest earnings on all funds of the City, all cash is pooled for investment purposes.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds. The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's deposits are insured up to \$100,000 per account by the Federal Deposit Insurance Corporation (FDIC). Deposits above \$100,000 are exposed to credit risk. The bank balance of the City's

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

deposits totaled \$2,080,306, with a carrying value of \$2,170,421. Of this amount, \$100,000 was insured and the remaining \$1,980,306 was uninsured and uncollateralized. The City has no formal policy regarding deposit credit risk.

A summary of restricted and unrestricted cash and cash equivalents at June 30, 2005 is as follows:

	Cash and Cash Equivalents
Unrestricted	\$ 49,336,191
Restricted	7,550,345
Total	\$ 56,886,536
Deposits	\$ 2,170,421
Investments	54,716,115
Total	\$ 56,886,536

Note 5 - Investments

The City's investment policies are governed by State statutes. City funds are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories; (2) repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's Inc., having a remaining term to maturity of 270 days or less; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less; (5) negotiable interest bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds; (7) obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farm Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association; (8) the Utah State Treasurer's Investment Fund; and (9) fixed and variable rate corporate obligations that meet criteria under the Money Management Act.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by the Utah State Treasurer. The PTIF is available for investment of funds administered by any

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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Utah public treasurer. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance. Twice a year at June 30 and December 31, the investments are valued at fair value for participants (public entities having those year ends) to enable them to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB Statement No. 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2005) and then compare those values to determine an agreed upon fair value of the securities.

As of June 30, 2005, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah PTIF	\$ 54,716,115	\$ 54,716,115			

Credit Risk

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Money Management Act. The Act details authorized investments which are high-grade securities and, therefore, subject to very little credit risk except in the most unusual and unforeseen circumstances.

As of June 30, 2005, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah PTIF	\$ 54,716,115				\$ 54,716,115

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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remaining term to maturity of all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

As of June 30, 2005, the City had no investments requiring risk disclosure.

Note 6 - Restricted Assets

General Fund activity in unexpended State Road funds, during fiscal year 2005, that are required by the Utah State law to be restricted for road construction and maintenance, are summarized as follows:

State Road Allotment	\$ 2,828,925
Expenditures: Highway Maintenance	<u>(2,828,925)</u>
Unexpended State Road Allotment	<u><u>\$ -0-</u></u>

Debt Service Fund

Pursuant to Utah State law and the bond indentures of the Auto Mall Special Improvement District Special Assessment Bonds, the City has created a Special Improvement Guarantee Fund. The assets of the Special Improvement Guarantee Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$196,000. As of June 30, 2005, the amount held of \$196,000 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the City Center Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$440,900. As of June 30, 2005, the amount held of \$440,900 was in compliance with funding requirements.

Pursuant to Utah State law and the bond indentures of the South Towne Ridge Special Assessment Bonds, the City has created a Special Improvement District Fund. The assets of the Special Improvement District Fund are restricted for payment of maturing special improvement bonds and interest accruing thereon of \$76,200. As of June 30, 2005, the amount held of \$76,200 was in compliance with funding requirements.

Pursuant to the 2000 Motor Fuel Excise Tax Revenue Bonding Agreement, the City is required to have a debt service reserve of \$707,500. As of June 30, 2005, the City was in compliance with funding requirements with reserves in the General Purpose Debt Service Fund.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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Other Governmental Funds

Restricted assets represent unexpended receipts which are restricted for use on future capital projects. The changes in restricted balances during fiscal year 2005 are summarized as follows:

	Road Funds	Capital Projects Fund				Debt Service Funds	Storm Water Fund
		Park & Trail Fees	Grants & Court Surcharge	Land Purchase/ Other	Total		
Balance - July 1, 2004	\$ 1,263,270	\$ 761,006	\$ 733,941	\$ 1,660,582	\$ 3,155,529	\$ -0-	\$ 1,927,429
Additions:							
Fees & Transfers In	402,804	200,808	614,673	22,953	838,434	1,611,949	-0-
Interest Earnings	24,954	17,506	20,842	37,172	75,520	23,978	-0-
Reductions: Expenditures & Transfers Out	(714,018)	(188,996)	(363,679)	-0-	(552,675)	-0-	(1,927,429)
Balance - June 30, 2005	\$ 977,010	\$ 790,324	\$ 1,005,777	\$ 1,720,707	\$ 3,516,808	\$ 1,635,927	\$ -0-

Business-Type Fund

There are no restricted assets in the business-type funds.

Note 7 - Receivables

Receivables in governmental activities consist of \$11,035,199 in taxes, \$5,828,000 in special assessments, \$1,263,437 in billing receivables, and \$7,812 in other receivables. Business-type activities receivables are comprised of \$2,194,044 in billing receivables, \$282,317 in taxes receivable, and other receivables of \$500. The City expects to collect all of these receivables during fiscal year 2006.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 8 - Due From/To Other Funds

Short term interfund loans at June 30, 2005 are summarized as follows:

Fund	Due From Other Funds	Due to Other Funds
Governmental Funds:		
Redevelopment Agency	\$ 191,695	
Debt Service - Innkeeper		\$ 191,695
Business-Type Funds:		
Water Fund	100,695	
Golf Fund		100,695
Total	\$ 292,390	\$ 292,390

Note 9 - Joint Venture

As of June 30, 2005, the City has a 34.27 percent ownership in Trans-Jordan Cities (the Association). The Association was organized in 1968 as a joint enterprise fund of the cities of Midvale, West Jordan, Murray, and Sandy, Utah. In 1997 the Association was joined by the City of South Jordan, and the Cities of Draper and Riverton joined in 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site situated east of Bingham Canyon in Salt Lake County. The percentage interest in operations for each of the entities is as follows:

Sandy City	34.27%
West Jordan City	26.45
Murray City	9.72
Midvale City	6.02
South Jordan	9.53
Draper	6.62
Riverton	<u>7.39</u>
Total	<u>100.00%</u>

The Association is governed by its own Board of Directors. Under the Organization Agreement, the board is composed of the Mayors, or their appointed representatives, of the seven participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
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operating budget and usage fees. The following is a summary of audited financial information of the Association for the year ended June 30, 2005:

Assets:

Current Assets	\$ 9,592,638
Property, Plant and Equipment - Net	5,819,844
Non Current Assets	<u>3,665,990</u>
Total Assets	<u>\$ 19,078,472</u>

Liabilities:

Current Liabilities	\$ 260,707
Noncurrent Liabilities	<u>3,729,515</u>
Total Liabilities	<u>\$ 3,990,222</u>

Net Assets:

Invested in Capital Assets,	
Net of Related Debt	\$ 5,819,844
Unrestricted	<u>9,268,406</u>
Total Net Assets	<u>\$ 15,088,250</u>

Income Statement:

Operating Revenue	\$ 5,108,402
Operating Expenses	<u>5,144,530</u>
Operating Income (Loss)	(36,128)
Non-Operating Income	363,032
Non-Operating Expenses	<u>20,004</u>
Net Income	<u>\$ 306,900</u>

The City paid \$613,095 to the Association for land fill costs during fiscal year 2005. Complete financial statements for the Association may be obtained at the following address:

Trans Jordan City Landfill
10873 South 7200 West
South Jordan, Utah 84095

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 10 - Investment in Water Stock, Rights, and Capacity

The Water Fund had the following investments in water stock, rights, and capacity at June 30, 2005:

Water Stock:	<u>Shares</u>	<u>Cost</u>
Bell Canyon Irrigation Company	1,832	\$ 441,871
Cahoon and Maxfield Irrigation Company	50	1,856
Draper Irrigation Company	639	512,100
East Jordan Irrigation Company	485	33,160
Granite Water Company	4	3,600
Last Chance Ditch Company	488	26,063
Little Cottonwood Water Company	11,358	113,580
Nickle Irrigation Company	923	63,331
Sandy Canal Company	25	13,180
Sandy Irrigation Company	1,554	727,236
South Despain Ditch Company	33	20,041
Tanner Ditch Company	2	450
Union East Jordan Irrigation Company	790	45,446
Welby Jacob Water Users Company	10	10,000
Provo Reservoir Water Users Company	52	780,179
Provo Bench Canal and Irrigation Company	1	27,975
North Jordan Irrigation Company	84	<u>199,500</u>
Total Water Stock		3,019,568
Water Rights - Thompson and Lym Ditches		38,581
Water Capacity		<u>26,023,020</u>
Total Water Stock, Rights and Capacity		<u>\$29,081,169</u>

Note 11 - Capital Assets

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2005:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Primary Government

Government Activities:

Capital Assets, Not Being Depreciated:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 188,931,711	\$ 777,542	\$ -0-	\$ 189,709,253
Infrastructure	115,032,631	1,156,470	-0-	116,189,101
Construction in Progress	1,947,475	739,904	1,714,763	972,616
Total Capital Assets, Not Being Depreciated	305,911,817	2,673,916	1,714,763	306,870,970

Capital Assets, Being Depreciated:

Buildings	31,242,636	562,563	-0-	31,805,199
Non-Building Imprv	14,188,177	583,328	-0-	14,771,505
Machinery & Equip	7,023,884	282,483	501,985	6,804,382
Autos & Trucks	14,069,640	827,842	654,659	14,242,823
Street Lights	8,689,159	119,994	-0-	8,809,153
Storm Water	24,990,201	796,656	-0-	25,786,857
Total Capital Assets being depreciated	100,203,697	3,172,866	1,156,644	102,219,919

Less Accumulated Depreciation:

Buildings	6,137,759	781,104	-0-	6,918,863
Non-Building Improvements	5,491,035	601,148	-0-	6,092,183
Machinery & Equipment	4,163,989	729,541	340,333	4,553,197
Autos & Trucks	7,776,960	1,526,462	601,680	8,701,742
Street Lights	1,549,763	289,650	-0-	1,839,413
Storm Water	7,370,896	621,292	-0-	7,992,188
Total Accumulated Depreciation	32,490,402	4,549,197	942,013	36,097,586

Total Capital Assets, Being Depreciated, Net

Governmental Activities Capital Assets, Net	\$ 373,625,112	\$ 1,297,585	\$ 1,929,394	\$ 372,993,303
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Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 6,419,636	\$ 230,170	\$ -0-	6,649,806
Construction in Progress	11,466,522	1,332,326	4,576,755	8,222,093
Total Capital Assets, Not Being Depreciated	17,886,158	1,562,496	4,576,755	14,871,899

Capital Assets, Being Depreciated:

Buildings	3,724,751	-0-	-0-	3,724,751
Non-Building Imprv	2,709,547	119,682	-0-	2,829,229
Main Lines	56,313,347	5,842,919	-0-	62,156,266
Wells	6,470,177	126,511	-0-	6,596,688
Storage Tanks	9,047,542	-0-	-0-	9,047,542
Pump Equipment	2,535,715	-0-	-0-	2,535,715
Pool	605,364	-0-	-0-	605,364
Autos & Trucks	12,928	35,025	2,000	45,953
Machinery & Equip	689,851	57,165	83,968	663,048
Total Capital Assets being depreciated	82,109,222	6,181,302	85,968	88,204,556

Less Accumulated Depreciation:

Buildings	1,188,088	92,746	-0-	1,280,834
Non-Building Imprv	2,130,934	114,385	-0-	2,245,319
Main Lines	22,452,284	1,973,954	-0-	24,426,238
Wells	2,540,368	225,077	-0-	2,765,445
Storage Tanks	5,213,027	294,250	-0-	5,507,277
Pump Equipment	2,274,257	74,702	-0-	2,348,959
Pool	382,941	20,179	-0-	403,120
Autos & Trucks	12,928	2,284	2,000	13,212
Machinery & Equip	543,968	35,790	64,980	514,778
Total Accumulated Depreciation	36,738,795	2,833,367	66,980	39,505,182

Total Capital Assets, Being Depreciated, Net

Business-Type Activities Capital Assets, Net	\$ 63,256,585	\$ 4,910,431	\$ 4,595,743	\$ 63,571,273
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SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Depreciation expense for the year ended June 30, 2005 for governmental and business-type activities are shown in the following table:

Governmental Activities:

General Government	\$	200,751
Police & Animal Control		120,914
Fire		137,837
Public Works		192,629
Parks, Landscapes and Cemetery		696,050
Community Development		44,230
Economic Development		6,978
Recreation and Cultural Events		107,571
Electric Utility		301,280
Storm Water Utility		634,440
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>2,106,517</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>4,549,197</u></u>

Business-Type Activities

Alta Canyon Sports Center	\$	148,168
Water		2,670,141
Golf Course		<u>15,058</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>2,833,367</u></u>

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 12 - Long-term Obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds are included in the accounts of such funds. All other long-term obligations of the City are accounted for in the Governmental Activities of the government-wide statements. The following table summarizes changes in long-term obligations for the year ended June 30, 2005:

	Rate (%)	Amount of Original Issue (bonds only)	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Due Within One Year
<u>Governmental Activities</u>							
General Obligation Bonds							
General Obligation Bonds	3.60 to 5.50	\$ 6,250,000	\$ 4,750,000	\$ -0-	\$ 525,000	\$ 4,225,000	\$ 555,000
Revenue Bonds							
1998C MBA Lease	3.80 to 4.80	7,840,000	7,150,000	-0-	7,150,000	-0-	-0-
1999 MBA Lease	4.30 to 5.30	9,780,000	8,545,000	-0-	8,545,000	-0-	-0-
2000 Motor Fuel Excise Tax	4.25 to 5.25	7,075,000	4,920,000	-0-	595,000	4,325,000	620,000
2001A MBA Escrow	4.71	600,000	255,000	-0-	125,000	130,000	130,000
2002 Storm Water Revenue	3.00 to 5.25	10,180,000	9,150,000	-0-	545,000	8,605,000	565,000
2003 Sales Tax Revenue	1.75 to 4.60	7,225,000	7,225,000	-0-	1,545,000	5,680,000	1,580,000
2004 Sales Tax Revenue	3.00 to 5.00	16,520,000	-0-	16,520,000	920,000	15,600,000	705,000
Special Development Bonds							
2002 Auto Mall Refunding	2.73 to 4.83	1,960,000	1,923,000	-0-	184,000	1,739,000	190,000
2002A Parking Facility	2.65 to 4.75	4,409,000	4,033,000	-0-	385,000	3,648,000	397,000
2002B South Towne Ridge Road	2.80 to 4.80	762,000	697,000	-0-	66,000	631,000	68,000
Notes Payable							
HUD Section 108 Loan	LIBOR + .2%	2,515,000	1,945,000	-0-	110,000	1,835,000	115,000
Long-Term Compensated Absences							
			908,325	59,089	50,281	917,134	-0-
Internal Service Fund Debt							
Compensated Absences			1,365,786	49,097	61,599	1,353,285	72,165
Equipment Lease Purchase	2.70	345,300	262,413	-0-	85,151	177,262	87,450
Total Governmental Long-Term Obligations		75,461,300	53,129,524	16,628,186	20,892,030	48,865,680	5,084,615
<u>Business-Type Activities</u>							
Revenue Bonds							
2002B Sales Tax Revenue (Golf)	3.00 to 5.00	4,550,000	4,400,000	-0-	155,000	4,245,000	160,000
2004 Water Revenue and Refunding	2.50 to 5.00	9,965,000	9,965,000	-0-	-0-	9,965,000	735,000
Long-Term Contract Payable							
		13,832,100	-0-	13,832,100	-0-	13,832,100	109,980
Total Business-Type Long-Term Obligations		28,347,100	14,365,000	13,832,100	155,000	28,042,100	1,004,980
Total Government Wide Long-Term Obligations		\$ 103,808,400	\$ 67,494,524	\$ 30,460,286	\$ 21,047,030	\$ 76,907,780	\$ 6,089,595

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

The annual debt requirements to maturity, including principal and interest, as of June 30, 2005 are listed in the following tables:

Year Ending June 30	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 555,000	\$ 205,140	\$ 3,600,000	\$ 1,434,569	\$ 655,000	\$ 256,864
2007	585,000	177,341	2,435,000	1,328,409	679,000	234,165
2008	615,000	147,334	2,480,000	1,241,566	703,000	208,471
2009	650,000	114,905	2,605,000	1,138,270	729,000	180,168
2010	685,000	79,853	2,740,000	1,027,395	761,000	149,406
2011-2015	1,135,000	53,400	9,675,000	3,715,525	2,491,000	237,307
2016-2020	-0-	-0-	9,710,000	1,325,978	-0-	-0-
2021-2025	-0-	-0-	1,095,000	103,420	-0-	-0-
Subtotal	<u>\$ 4,225,000</u>	<u>\$ 777,973</u>	<u>34,340,000</u>	<u>\$ 11,315,132</u>	<u>\$ 6,018,000</u>	<u>\$ 1,266,381</u>
Less Unamortized Premiums, Discount, and Costs			631,702			
Net Debt			<u><u>\$ 33,708,298</u></u>			

General Obligation Bonds

Year Ending June 30	Governmental Activities (Continued)				Business Activities	
	Notes Payable		Totals		Bonds & Other Payables	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 115,000	\$ 120,749	\$ 4,925,000	\$ 2,017,322	1,004,980	1,317,058
2007	125,000	113,026	3,824,000	1,852,941	974,990	1,176,615
2008	130,000	104,770	3,928,000	1,702,141	1,004,220	1,149,700
2009	140,000	95,925	4,124,000	1,529,268	1,081,520	1,119,172
2010	150,000	86,273	4,336,000	1,342,927	1,213,040	1,083,926
2011-2015	945,000	253,089	14,246,000	4,259,321	4,441,600	4,916,909
2016-2020	230,000	8,085	9,940,000	1,334,063	5,925,680	3,737,736
2020-2025	-0-	-0-	1,095,000	103,420	6,863,230	2,155,713
2026-2031	-0-	-0-	-0-	-0-	5,532,840	918,638
Subtotal	<u>\$ 1,835,000</u>	<u>\$ 781,917</u>	<u>46,418,000</u>	<u>\$ 14,141,403</u>	<u>28,042,100</u>	<u>\$ 17,575,467</u>
Less Unamortized Premiums, Discount, and Costs			631,702		445,355	
Net Debt			<u><u>\$ 45,786,298</u></u>		<u><u>\$ 27,596,745</u></u>	

On December 15, 1995, the City issued \$6,250,000 in General Obligation Refunding Bonds (series 1995) with a maturity date of December 15, 2011 at interest rates of 3.60 to 5.50 percent. The bonds were issued for the purpose of advance refunding of the City's \$8,065,000 Public Building and Refunding Bonds (series 1991) which were originally issued for (i) the construction of a City hall/police station; (ii) the refunding of certain certificates of participation; and (iii) the refunding of certain general obligation bonds. The bonds maturing on or prior to December 15, 2005, are not subject to call and redemption prior to maturity, while those maturing on or after December 15, 2006, are subject to redemption at the option of the City on December 15, 2005, and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest.

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NOTES TO FINANCIAL STATEMENTS
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Special Improvement Bonds with Governmental Commitment

Principal and interest on special improvement bonds are paid from special assessment collections. The primary source of repayment of the special assessment debt is assessments against the benefitted property owners. This debt is secured by liens on assessed property and is also backed by the full faith and credit of the City as additional security (see debt service reserve requirement in Note 5).

A separate fund, the Special Improvement Debt Service Fund, has been established to contain the receipts derived by the City from the special assessments levied upon the property included in the special improvement districts together with interest on the assessments and, if necessary, additional funds transferred by the City to the debt service fund. Under the terms of the special improvement bond resolutions and state law, the City has agreed to maintain a special improvement guarantee account for the benefit of the bondholders.

On September 1, 2002, the City issued \$1,960,000 in Special Assessment Refunding Bonds (Auto Mall) at rates from 2.73 to 4.83 percent with a final maturity date of September 1, 2012. This bond replaced the 1993 Special Assessment bond. The Special Improvement District No. 90-1 (Auto Mall) was originally established by the City for the purpose of making improvements within the District. Assessments have been levied against the property included within the district to finance the cost of the improvements, all in conformance with and subject to the requirements of the Improvement District Act.

On December 19, 2002, the City issued \$4,409,000 in Special Assessment Bonds at rates from 2.65 to 4.75 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2001-1 (Parking Structure) was established by the City for the purpose of acquisition of land and rights of way and construction of parking and plaza improvements.

On December 19, 2002, the City issued \$762,000 in Special Assessment Bonds at rates from 2.80 to 4.80 percent with a final maturity date of December 15, 2012. The Special Improvement District No. 2000-1 (South Towne Ridge Road) was established by the City to acquire land and rights of way, to construct roads, and to install water, sewer, and storm drain improvements.

Motor Fuel Bonds

On March 7, 2000, the City issued \$7,075,000 in Motor Fuel Excise Tax Revenue Bonds. The series 2000 bonds bear interest at 4.25 to 5.25 percent and have a final maturity of January 15, 2010. The bonds were issued to finance the construction or repair of streets located within the City boundaries. The City has pledged motor and special fuel excise taxes (Class C road funds) as collateral for these revenue bonds. The series 2000 bonds are not callable for redemption prior to maturity.

Water Bonds

On April 22, 2004, the Water Utility issued \$9,965,000 in Water Revenue and Refunding Bonds (Series 2004) at rates from 2.50 to 5.00 percent with a final maturity date of November 15, 2025. The bonds were issued for the purpose of (i) refunding all of the City's outstanding Water Revenue and Refunding Bonds, Series 1993A, (ii) financing costs of certain improvements to the City's water system and (iii) paying costs of issuance of the Series 2004 Bonds.

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NOTES TO FINANCIAL STATEMENTS
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The bond resolution approved in conjunction with the issuance of the 2004 Sandy City Water Revenue and Refunding Bonds provides, among other things, that certain funds be established and that certain accounting procedures be followed. Under the terms of the resolution, the City will establish and collect rates and charges (including impact fees and connection fees) for System services which are reasonably expected to produce net revenues equal to 110 percent of the aggregate annual debt service requirement for such year.

Municipal Building Authority (MBA) Bonds

On December 1, 1998, the Municipal Building Authority issued \$7,840,000 in Lease Revenue Bonds (series 1998C) at rates from 3.80 to 4.80 percent with a final maturity date on June 15, 2020. The series 1998C bonds were issued for the purpose of financing the costs of the acquisition and construction of a public amphitheater and other related improvements on land owned by the City. The proceeds from the sale of the series 1998C Bonds were also used for the purpose of funding a deposit to the debt service fund, paying capitalized interest on a portion of the series 1998C bonds and paying necessary issuance costs. The bonds maturing prior to June 15, 2009 are not subject to call and redemption prior to maturity, while those maturing on or after June 15, 2009, are subject to redemption at the election of the City on June 15, 2008 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest. These bonds were refunded during fiscal year 2005 with the Series 2004 Sales Tax Revenue and Refunding Bonds. See the "Sales Tax Revenue Bonds" section below for additional information.

On December 7, 1999, the Municipal Building Authority issued \$9,780,000 in Lease Revenue Bonds (series 1999) at rates from 4.30 to 5.30 percent with a final maturity date on June 15, 2020. The bonds were issued for the purpose of acquiring land for Quail Hollow Park and constructing facilities at Lone Peak Park. The bonds maturing prior to June 15, 2010 are not subject to call and redemption prior to maturity, while those maturing on or after June 15, 2011, are subject to redemption at the election of the City on June 15, 2010 and on any date thereafter. The redemption price is equal to 100% of the principal amount plus accrued interest. These bonds were refunded during fiscal year 2005 with the Series 2004 Sales Tax Revenue and Refunding Bonds. See the "Sales Tax Revenue Bonds" section below for additional information.

On March 6, 2001, the Municipal Building Authority issued \$600,000 in Lease Revenue Bonds (2001A) at an interest rate of 4.71 percent with a final maturity date on March 1, 2006. The bonds were issued for the purpose of constructing a fire station.

Sales Tax Revenue Bonds

Sales Tax Revenue Bonds are special limited obligations of the City that are backed by the sales and use taxes levied by the City under the Local Sales and Use Tax Act.

On February 15, 2002, the City issued \$10,180,000 in Sales Tax Revenue Bonds (series 2002) at rates from 3.00 to 5.25 percent with a final maturity date of September 15, 2016. The bonds were issued to finance the costs associated with acquiring, constructing, and equipping certain storm drain improvements and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2011 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption at the election of the City on March 15, 2012 and on any date thereafter. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

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On July 1, 2002, the City issued \$4,550,000 in Sales Tax Revenue Bonds (series 2002B) at rates from 3.00 to 4.50 percent with a final maturity date of September 15, 2023. The bonds were issued to finance costs associated with acquiring, constructing, and equipping a golf course (River Oaks) and park improvements, and paying the costs of issuing the bonds. The bonds maturing on or prior to September 15, 2012 are not subject to redemption prior to maturity, while those maturing on or after September 15, 2012 are subject to redemption at the election of the City on September 15, 2012 and on any date thereafter. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

On August 15, 2003, the City issued \$7,225,000 in Sales Tax Revenue Bonds (series 2003) at rates from 1.75 to 4.60 percent with a final maturity date of September 15, 2023. The bonds were issued to finance the costs associated with (i) the acquisition of a justice court building, (ii) the refunding of the 1996 Motor Fuel Excise Tax Revenue bonds and the 1994B \$2,325,000 Lease Revenue bonds and (iii) paying the costs of issuing the bonds. The bonds maturing on or before September 15, 2013, are not subject to optional redemption prior to maturity, while those maturing on or after September 15, 2014 are subject to redemption at the election of the City. The redemption price is equal to 100 percent of the principal amount plus accrued interest.

On November 1, 2004, the City issued \$16,520,000 in Sales Tax and Refunding Bonds (series 2004) at rates from 3.0 percent to 5.0 percent with a final maturity date of June 15, 2020. The bonds were issued to (i) refund the 1998C and 1999 Municipal Building Authority Lease Revenue Bonds, (ii) finance the costs associated with the acquisition, construction and equipping of road improvements, park improvements and other City-owned capital improvements and (iii) pay costs associated with the issuance of the 2004 Bonds. The 2004 bonds maturing on or after June 15, 2014 are not subject to optional redemption prior to maturity. The 2004 bonds maturing on or after June 15, 2015 are subject to redemption at the option of the City on June 15, 2014, and on any date thereafter prior to maturity at a redemption price equal to 100 percent of the principal amount of the 2004 bonds to be redeemed, plus accrued interest thereon on the redemption date.

Notes Payable

On June 6, 1996, the City issued a \$2,515,000 note, guaranteed by the U.S. Department of Housing and Urban Development (HUD), for the creation of a Senior Citizen's Center on 9310 South 1300 East. Interest on the note payable is variable, based upon LIBOR plus 0.2 percent. For the purpose of estimating debt service requirements, interest rates between 5.870 and 7.030 percent have been derived. The date of maturity on the note payable is August 1, 2015.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation benefits. All vacation pay is accrued when incurred in the government-wide funds financial statements. The liability for these amounts is funded in the Payroll Management Fund, an internal service fund, for proprietary funds and governmental funds if they have matured.

Capital Leases

On February 14, 2003, the City entered into a lease agreement as lessee for financing the acquisition of previously purchased golf course equipment at an interest rate of 2.7 percent. A down payment of \$86,000 was

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

required at the inception of the lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 423,058
Less: Accumulated depreciation	(124,456)
Total	<u>\$ 298,602</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2006	\$ 92,236
2007	<u>92,236</u>
Total minimum lease payments	184,473
Less: amount representing interest	(7,211)
Present value of minimum lease payments	<u>\$ 177,262</u>

Contracts Payable

During fiscal year 2005, the City acquired preferential water rights for water produced from the Ontario Drain Tunnel through MWDSLS. MWDSLS issued \$81,750,000 in Series 2005 A & B Water Revenue Bonds bearing interest rates from 3.0 percent to 5.0 percent. The City will pay 16.92 percent of this debt to MWDSLS over 27 years (the life of the debt). Additional information concerning committed payments to MWDSLS can be found in note 18 - Commitments and Contingencies.

Defeasance of Debt

During fiscal year 1996, the City issued \$6,250,000 in General Obligation Refunding Bonds. Such bonds were issued to advance refund \$5,585,000 of the \$7,815,000 outstanding 1991 Series Bonds. At June 30, 2005, the balance of those bonds which were considered extinguished was \$4,285,000.

During fiscal year 2004, the City issued \$7,225,000 in Sales Tax Revenue and Refunding Bonds. \$3,160,000 of the proceeds were used to advance refund \$1,080,000 of the outstanding 1994B Lease Revenue Bonds and \$3,410,000 of the 1996 Motor Fuel Excise Tax Revenue Bonds. At June 30, 2005, the balance of bonds which were considered extinguished was \$1,760,000.

During fiscal year 2004, the City issued \$9,965,000 in Water Revenue and Refunding Bonds. \$3,890,000 of the proceeds were used to advance refund \$5,975,000 of the outstanding 1993A Water Revenue Refunding Bonds. As of June 30, 2005, the balance of bonds which were considered extinguished was \$3,890,000.

During fiscal year 2005, the City issued \$16,520,000 in Sales Tax Revenue and Refunding Bonds. \$14,990,000 of the proceeds were used to advance refund \$7,150,000 of the 1998C MBA Lease Revenue Bonds and \$8,545,000 of the 1999 MBA Lease Revenue Bonds. At June 30, 2005, the balance of bonds which

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

were considered extinguished was \$15,695,000. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt total \$231,738. The economic gain (difference between the present values of the old and new debt service payments) resulting from this transaction is \$189,237.

Note 13 - Industrial Development Revenue Bonds

The City has issued industrial development revenue bonds for the benefit of various developers to aid in building a commercial base within Sandy City limits. Principal and interest payments of such industrial development revenue bonds are to be made entirely by the various developers. The City will not become liable for these bonds even if developers can no longer make the payments. Consequently, the following bonds and their related interest are not shown as a liability in the accompanying financial statements:

Description of Industrial Revenue Bonds Issued	Year Issued	Maturity Date	Original Amount	Total Retired	Outstanding at 6/30/05
Boyer 106 th S. Associates Project	1985	12/01/06	\$ 4,000,000	\$ 2,805,000	\$ 1,195,000
DREE Project	1985	11/15/10	8,770,000	4,275,000	4,495,000
South Towne Hotel Associates Project	1985	11/20/10	9,350,000	4,810,000	4,540,000
H. Shirl Wright Project	1986	12/15/16	9,000,000	4,100,000	4,900,000
Total Industrial Revenue Bonds Issued for Developers			\$ 31,120,000	\$15,990,000	\$ 15,130,000

Note 14 - Pension Plans

Plan Description

The State of Utah requires all agencies with public employees to contribute to Utah State Retirement Systems (USRS). Based upon the type of public employee and their retirement elections, the City contributes to various plans within the USRS: the Local Governmental Contributory Retirement System, the Local Governmental Non-Contributory Retirement System, the Public Safety Retirement System for employers without Social Security coverage, the Firefighters Retirement System which is for employers without Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the USRS. USRS provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended which also establishes the Utah State Retirement Office. Chapter 49 places the Systems, the Office and related plan and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-753-7361.

Funding Policy

Plan members in the Local Government Contributory Retirement System are required to contribute based upon participating employees' annual salaries. The contribution rates in effect from July 1, 2004 through June 30, 2005 are as follows:

	Employee Paid	Employee Contributions Paid by City (100% Vested)	City's Matching Contributions	Total Contribution
Local Government Contributory Retirement System	N/A	6.00 %	7.08 %	13.08 %
Local Government Non-Contributory Retirement System	N/A	N/A	11.09	11.09
Public Safety Retirement System for employers Without Social Security coverage	4.90 %	5.60	12.35	22.85
Firefighters' Retirement System for employers Without Social Security coverage	N/A	7.83	N/A	7.83

The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Trend Information

The following contributions have been made in the past three years and were equal to the required contributions for each fiscal year ending on June 30th:

	2003	2004	2005
Local Governmental Contributory Retirement System	\$ 114,081	\$ 115,531	\$ 117,070
Local Governmental Non-Contributory Retirement System	796,342	929,319	1,114,612
Public Safety Retirement System for employers without Social Security coverage	839,701	945,469	1,101,096
Firefighters Retirement System for employers without Social Security coverage	274,157	267,492	274,157
Total	\$ 2,024,281	\$ 2,257,811	\$ 2,606,935

Note 15 - Deferred Compensation Plans

The City offers its employees a 457 deferred compensation plan and 401(K) defined contribution tax-sheltered annuity plan. Both plans are provided for within the Internal Revenue Code. The plans, assets, and associated liabilities are administered by external agencies: ICMA Retirement Corporation and Utah State Retirement Systems (USRS). The plans, available to all City employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All ownership and associated interest of the plan is held solely for the benefit of the employees. As a result, the City does not carry the assets or associated liabilities in the City's financial statements.

The City contributes to a 401(K) plan for and on behalf of its public employees, elected and appointed officials, City Council members, temporary, and seasonal employees. The City Council authorizes a percentage based upon an employees base wage to be contributed into deferred compensation plans: 17.95% for full-time employees, 8.05% for council members, and 7.50% for temporary and seasonal employees. As noted previously, the USRS deferred compensation rate is actuarially determined by the State depending upon the employee classification. The required contribution rates to the 401(K) plan equals the City Council authorized amount less the USRS mandated rate and are as follows: Public Employees covered under the Non-Contributory State Retirement 6.86%, Public Employees covered under the Contributory State Retirement 4.87%, Elected/Appointed Officials 17.95%, Firefighters 10.12%, Temporary/Part-time 7.5%, and City Council members 8.05%. Because the deferred compensation rate for the Public Safety Retirement System exceeds 17.95%, the City does not pay into the 401(k) plan for police officers. The required contribution rate to the 457 plan on behalf of temporary and seasonal employees is 7.5%. The City's total contributions were \$1,600,467 which is 6.9% of the \$23,047,585 in total payroll for covered employees for the year ended June 30, 2005. The City's and employee's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. In addition, all employees are eligible to

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

participate in an elective deferral plan which permits them to defer a portion of their salary until future years. The total contributions made by the employees were \$1,172,430 for the year ended June 30, 2005. At June 30, 2005 the City has made all payments to the plan administrator to satisfy this funding requirement.

Note 16 - Post Employment Benefits

The City allows terminated or retired employees to continue their health insurance benefits for a period of 18 months after the employee's termination or retirement date. The City will pay up to two months of these premiums for an employee and their plan dependents in the event that (1) a current full or part time employee dies, or (2) a full or part time employee is approved for disability due to their diagnosis as terminally ill. All other terminated or retired employees are required to pay the full cost of such extended health insurance coverage. As of June 30, 2005, 9 employees had elected to participate in this post-employment benefit program. The administrative costs to the City of such benefits were not significant for the year ended June 30, 2005.

Note 17 - Vacation and Sick Leave

The City permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

Employees can accrue vacation days at various rates depending upon length of service. There are no requirements that vacation leave be taken, but the maximum permissible accumulation is 320 hours except for firefighters who can accumulate 480 hours. At termination, employees are paid for any unused accumulated vacation leave.

The Payroll Management Fund, an internal service fund, contains the City's entire compensated absences liability except for the long-term liability portion of the General Fund. The long-term liability portion in the General Fund is considered to be any amount in excess of what an employee can accrue in one year. As of June 30, 2005, this unfunded amount is \$917,134.

Employees earn sick leave at the rate of 12 days per year. Unused sick leave may be carried forward to subsequent years until a maximum of 480 hours is accumulated.

Note 18 - Commitments and Contingencies

The City is a defendant in various claims and suits arising from the ordinary course of business. The City's legal counsel believes that it has meritorious defenses and that any liability resulting from these matters would not be material. Accordingly, no provision for loss related to litigation has been made in the accompanying financial statements.

Commitments for major construction and capital improvements projects totaled \$1,677,652 at June 30, 2005.

The Sandy City Redevelopment Agency (RDA), a governmental-type fund, has two outstanding commitments for payment of tax increment to Jordan School District and the Salt Lake County Sewer District. The following is a schedule of estimated future payments to both of these entities as of June 30, 2005.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Estimates are based on 2005 property tax rates and values:

	RDA Fund
2006	\$ 88,355
2007	85,297
2008	85,297
2009	85,297
2010	85,297
2011-2015	402,029
2016-2020	249,167
2021-2025	212,480
2026-2030	212,480
2031-2035	212,480
Thereafter	424,960
Total	<u>\$ 2,143,139</u>

In 1999, the City agreed to pay the Macerich Company \$230,000 per year for ten years as a tax increment refund for the Dillard's department store at South Towne Center. As of June 30, 2005, three payments remain totaling \$690,000. These payments are made out of the RDA fund.

The Public Utilities department (an enterprise fund) currently has a long-term commitment payable to MWDSLS for various capital improvements. The following is a schedule of future payments due to MWDSLS for capital improvements as of June 30, 2005:

	Water Fund
2006	\$ 4,210,322
2007	4,210,322
2008	4,210,322
2009	4,210,322
2010	4,210,322
2011-2015	21,051,610
2016-2020	21,051,610
2021-2025	21,051,610
2026-2030	21,051,610
2031-2035	16,841,629
Total	<u>\$ 122,099,679</u>

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 19 - Transfers In/Out

During the course of normal operations, the City has transfers between the various funds. The principal purposes of the City's interfund transfers are debt service and capital projects. Transfers in and out for the year ended June 30, 2005 are summarized as follows:

Transfers Out From :								
	General	Redevelopment Agency	Community Development	Risk Management	Storm Water Utilities	Debt Service	Total Transfers In	
Transfers in to the following funds:								
General	\$ -0-	\$ 40,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 40,000	
Community Arts	304,201	-0-	-0-	-0-	-0-	-0-	304,201	
Amphitheater	108,079	-0-	-0-	-0-	-0-	-0-	108,079	
Recreation	222,997	-0-	-0-	-0-	-0-	-0-	222,997	
Electric Utilities	549,654	-0-	-0-	-0-	-0-	-0-	549,654	
Storm Water	-0-	40,000	-0-	-0-	-0-	-0-	40,000	
Debt Service	2,041,006	1,259,357	238,183	-0-	923,205	-0-	4,461,751	
Capital Projects	3,840,144	-0-	-0-	-0-	-0-	729,090	4,569,234	
Fleet	-0-	-0-	-0-	80,000	-0-	-0-	80,000	
Golf	-0-	150,000	-0-	-0-	-0-	-0-	150,000	
Total Transfers Out	\$ 7,066,081	\$ 1,489,357	\$ 238,183	\$ 80,000	\$ 923,205	\$ 729,090	\$ 10,525,916	

Note 20 - General Fund Administrative Charges

The General Fund charges certain special revenue funds and proprietary funds for various administrative services. These transactions have been recorded as revenue and expenses or expenditures to the funds as if they involved organizations external to the City. The amounts charged to those funds during fiscal year 2005 are as follows:

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

	General <u>Government</u>	Public Works <u>Administration</u>	<u>Total</u>
Special Revenue Funds:			
Redevelopment Agency	\$ 69,687	\$ 1,430	\$ 71,117
Storm Water Utilities	110,846	-0-	110,846
Enterprise Funds:			
Alta Canyon Sports Center	58,376	-0-	58,376
Water	647,400	-0-	647,400
Waste Collection	193,539	29,928	223,467
Golf	34,939	-0-	34,939
Internal Service Funds:			
Fleet Operations	102,886	30,393	133,279
Information Services	<u>65,166</u>	<u>-0-</u>	<u>65,166</u>
Total	<u>\$1,282,839</u>	<u>\$ 61,751</u>	<u>\$ 1,344,590</u>

Note 21 - Risk Management

The City is exposed to various risks of loss including torts; workers compensation claims; theft of, damage to or destruction of assets; errors and omissions; and natural disasters. Insurance coverages for these risks were provided by several commercial insurance carriers. The general liability policy has a \$2,000,000 self insured retention with a \$10,000,000 limit per occurrence. Workers compensation claims are covered by the Workers Compensation Fund. The City commercially insures real property and also insures fleet equipment with individual values in excess of \$40,000 and self-insures all other fleet equipment. For the last 3 years, claim settlements have not exceeded insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). The liability for claims and judgements is reported in the Insurance & Risk Management Fund and has been expensed in the current period. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended <u>June 30, 2005</u>	Year Ended <u>June 30, 2004</u>
Unpaid Claims, Beginning of Fiscal Year	\$556,122	\$ 792,636
Incurred Claims & Changes in Estimates (Including IBNR's)	104,217	128,067
Claims Payments	<u>(148,553)</u>	<u>(364,581)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 511,786</u>	<u>\$ 556,122</u>

SANDY CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Note 22 - Sandy City Redevelopment Agency

For the year ending June 30, 2005 the following activity occurred in the City's Redevelopment Agency:
Tax increment collected by the Agency for each project area:

South Towne	\$ 1,445,164
Civic Center South	1,152,315
Civic Center North	953,988
South Towne Ridge Road	<u>447,828</u>
	<u>\$ 3,999,295</u>
Tax increment paid to other taxing agencies	\$44,852
Outstanding loans which financed RDA projects	\$14,506,000
Amounts expended for:	
Installation of public utilities or other public improvements	\$551,888
Administrative costs	\$231,345

Note 23 - Related Party Transactions

During the year ended June 30, 2005, the Water Fund (an enterprise fund) made the following payments to MWDSL, which is a related entity of the City:

- A capital assessment of \$2,806,881 for capital improvements to be conducted by MWDSL;
- \$244,591 for water rights to the Ontario Drain Tunnel water; and
- \$1,918,620 for water purchases.

Note 24 - Subsequent Event Disclosure

The City issued \$3,650,000 in general obligation refunding bonds (series 2005) dated September 13, 2005 for the purpose of retiring on December 15, 2005, \$3,670,000 of the City's currently outstanding General Obligation Refunding Bonds (Series 1995) which mature on December 15 of the years 2006 through 2011. The Bonds are also being issued to pay certain costs of issuance.

Required Supplementary Information

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SANDY CITY

Roadway System Condition and Maintenance

Modified Approach for Infrastructure

June 30, 2005

The condition of the road pavement is measured using the Stantec Pavement Management Application (PMA), which is based on a weighted average of nine distress factors found in pavement surfaces (cracking, raveling, chuck holes, patching, edge cracking, rutting/shoving, bleeding, excessive crown, and distortion). The PMA uses a measurement scale based on a condition index ranging from 0 to 10 for pavement in perfect condition. The condition index is used to classify roads in good or better condition (6.5 - 10), fair condition (4.0 - 6.4), and substandard condition (less than 4.0). The City's policy is to maintain at least 80 percent of its street system at a good or better condition and have no more than 10 percent in a substandard condition. Condition assessments are determined every year.

During fiscal year 2004, the City gathered more detailed information on drive approaches and water ways than had been gathered in fiscal year 2003. This allowed the City to more accurately assess the overall concrete condition for each address within Sandy City. For fiscal year 2003, concrete condition, including drive approach and waterway condition, was estimated based on the number of simple concrete hazards at each address without accounting for the severity of each hazard. Therefore, fiscal year 2003 data produced conditions that were artificially worse than they really were. Conversely, accurate field evaluations were made during fiscal year 2004 to determine not only the number, but the severity, of each concrete hazard. This resulted in a significant decrease in substandard condition percentages in fiscal year 2004 over fiscal year 2003. A corresponding increase in good or better condition percentages also occurred.

Condition Rating of the City's Roadway System

	Percentage of Roadway System in Good or Better Condition				Percentage of Roadway System in Substandard Condition			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterials	90.8%	93.0%	91.6%	78.4%	0.3%	0.3%	0.4%	6.3%
Collectors	91.6%	91.7%	88.3%	85.3%	0.5%	0.4%	2.6%	2.8%
Secondary	86.8%	88.1%	88.1%	87.7%	0.8%	0.6%	4.7%	4.1%
Overall System	88.5%	89.7%	88.6%	85.8%	0.6%	0.5%	3.5%	4.1%

Comparison of Needed to Actual Maintenance/Preservation				
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Arterials				
Needed	3,585,103	3,496,732	3,369,917	3,418,650
Actual	3,253,349	3,492,674	3,283,548	2,928,267
Collectors				
Needed	717,021	699,346	673,983	683,730
Actual	650,670	698,535	656,709	585,653
Secondary				
Needed	819,451	799,254	770,267	781,406
Actual	743,623	798,325	750,525	669,318
Overall System				
Needed	5,121,575	4,995,332	4,814,167	4,883,786
Actual	4,647,642	4,989,534	4,690,782	4,183,238
	<u>(473,933)</u>	<u>(5,798)</u>	<u>(123,385)</u>	<u>(700,548)</u>

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Supplementary Information

SANDY CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2005

With Comparative Totals for 2004

	General Fund	Storm Water	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds	
						2005	2004
Revenues:							
Taxes:							
General Property Taxes	\$ 7,082,393	\$ -0-	\$ 281,950	\$ -0-	\$ 3,999,295	\$ 11,363,638	\$ 10,895,570
General Sales & Use Taxes	15,857,517	-0-	-0-	-0-	-0-	15,857,517	15,161,445
Franchise Taxes	6,284,131	-0-	-0-	-0-	-0-	6,284,131	4,688,366
Motor Vehicle Fee	818,905	-0-	-0-	-0-	-0-	818,905	881,376
Total Taxes	30,042,946	-0-	281,950	-0-	3,999,295	34,324,191	31,626,757
Special Assessments	-0-	-0-	986,961	-0-	1,550	988,511	994,215
Innkeeper Fees	-0-	-0-	194,291	-0-	-0-	194,291	178,730
Licenses & Permits	2,011,739	-0-	-0-	-0-	-0-	2,011,739	1,740,360
Inter-Governmental Revenue	3,051,028	-0-	-0-	469,280	454,066	3,974,374	4,449,925
Charges for Services	1,851,035	-0-	269,759	934	-0-	2,121,728	2,195,533
Administrative Charges	1,344,587	-0-	-0-	-0-	-0-	1,344,587	1,151,671
Fines & Forfeitures	2,299,500	-0-	-0-	287,626	-0-	2,587,126	2,661,801
Cell Tower Lease	-0-	-0-	-0-	153,555	-0-	153,555	138,426
Fees from Developers	-0-	327,545	-0-	283,862	-0-	611,407	204,149
Charges for Sales & Services	-0-	2,911,368	-0-	-0-	874,382	3,785,750	3,380,076
Interest Income	114,103	125,534	90,607	249,698	129,125	709,067	410,214
Miscellaneous Revenues	26,323	17,828	-0-	96,151	1,415,045	1,555,347	720,528
Total Revenues	40,741,261	3,382,275	1,823,568	1,541,106	6,873,463	54,361,673	49,852,385
Expenditures:							
Salaries and Benefits	24,680,601	498,654	-0-	-0-	1,036,914	26,216,169	25,871,216
Materials & Supplies	4,164,449	91,502	-0-	-0-	748,398	5,004,349	4,772,712
Contracted Services	1,114,383	104,125	-0-	-0-	449,885	1,668,393	1,566,659
Internal Charges	3,354,282	274,232	-0-	-0-	146,041	3,774,555	3,784,320
Administrative Charges	-0-	44,338	-0-	-0-	53,201	97,539	90,591
Cost of Goods Sold	-0-	188,286	-0-	-0-	683,591	871,877	608,535
Bond Issuance Cost and Trustee Fees	-0-	-0-	1,372,135	-0-	4,681	1,376,816	142,126
Capital Outlays	403,996	800,994	-0-	2,995,550	1,848,622	6,049,162	9,813,211
Principal	-0-	-0-	20,695,000	-0-	-0-	20,695,000	8,378,000
Interest on Long-Term Debt	-0-	-0-	2,234,858	-0-	-0-	2,234,858	2,578,065
Total Expenditures	33,717,711	2,002,131	24,301,993	2,995,550	4,971,333	67,988,718	57,836,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,023,550	1,380,144	(22,478,425)	(1,454,444)	1,902,130	(13,627,045)	(7,984,560)
Other Financing Sources (Uses):							
Issuance of Debt	-0-	-0-	16,520,000	-0-	-0-	16,520,000	7,287,091
Interest Income	-0-	-0-	857,599	-0-	-0-	857,599	-0-
Fees from Developers	-0-	-0-	-0-	-0-	-0-	-0-	229,051
Other Income	-0-	-0-	-0-	-0-	-0-	-0-	1,537
Sale of Capital Assets	2,531	1,500	-0-	8,200	-0-	12,231	2,649
Transfers In	40,000	40,000	4,461,752	4,569,233	1,184,931	10,295,916	8,466,823
Transfers Out	(7,066,081)	(923,205)	(729,090)	-0-	(1,727,540)	(10,445,916)	(8,616,823)
Total Other Financing Sources (Uses)	(7,023,550)	(881,705)	21,110,261	4,577,433	(542,609)	17,239,830	7,370,328
Net Change in Fund Balances	-0-	498,439	(1,368,164)	3,122,989	1,359,521	3,612,785	(614,232)
Beginning Fund Balances	4,154,891	6,398,500	4,203,323	11,323,319	3,442,350	29,522,383	30,136,615
Ending Fund Balances	\$ 4,154,891	\$ 6,896,939	\$ 2,835,159	\$ 14,446,308	\$ 4,801,871	\$ 33,135,168	\$ 29,522,383

SANDY CITY

Debt Service

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 278,900	\$ 278,900	\$ 281,950	\$ 3,050
Special Assessments	884,014	884,014	986,961	102,947
Innkeeper Fees	161,000	161,000	194,291	33,291
Charges for Services	271,452	271,452	269,759	(1,693)
Interest Income	63,403	63,403	90,607	27,204
Total Revenues	1,658,769	1,658,769	1,823,568	164,799
Expenditures:				
Capital Outlays	-0-	-0-	-0-	-0-
Principal	4,740,151	20,780,151	20,695,000	85,151
Interest on Long-Term Debt	2,295,948	2,241,796	2,234,858	6,938
Bond Issuance Cost and Trustee Fees	18,650	1,383,321	1,372,135	11,186
Total Expenditures	7,054,749	24,405,268	24,301,993	103,275
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,395,980)	(22,746,499)	(22,478,425)	268,074
Other Financing Sources (Uses):				
Issuance of Debt	-0-	17,377,599	16,520,000	(857,599)
Interest Income	-0-	-0-	857,599	857,599
Transfers In	4,588,758	4,588,758	4,461,752	(127,006)
Transfers Out	-0-	(820,966)	(729,090)	91,876
Total Other Financing Sources (Uses)	4,588,758	21,145,391	21,110,261	(35,130)
Net Change in Fund Balances	(807,222)	(1,601,108)	(1,368,164)	232,944
Beginning Fund Balances	4,203,323	4,203,323	4,203,323	-0-
Ending Fund Balances	\$ 3,396,101	\$ 2,602,215	\$ 2,835,159	\$ 232,944

SANDY CITY

Capital Projects

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Inter-Governmental Revenue	\$ 2,641,544	\$ 3,917,833	\$ 469,280	\$ (3,448,553)
Charges for Services	-0-	-0-	934	934
Fines & Forfeitures	311,100	311,100	287,626	(23,474)
Cell Tower Lease	152,037	152,037	153,555	1,518
Fees from Developers	253,100	305,912	283,862	(22,050)
Interest Income	162,400	162,400	249,698	87,298
Miscellaneous Revenues	-0-	-0-	96,151	96,151
Total Revenues	3,520,181	4,849,282	1,541,106	(3,308,176)
Expenditures:				
Capital Outlays	528,359	753,467	-0-	753,467
Land	1,678,279	1,678,279	53,300	1,624,979
Buildings	1,432,938	1,771,787	595,202	1,176,585
Roads	3,766,737	3,847,740	1,342,945	2,504,795
Parks	4,153,919	5,687,217	510,886	5,176,331
Miscellaneous	2,132,341	2,132,341	493,217	1,639,124
Total Expenditures	13,692,573	15,870,831	2,995,550	12,875,281
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,172,392)	(11,021,549)	(1,454,444)	9,567,105
Other Financing Sources :				
Sale of Capital Assets	-0-	-0-	8,200	8,200
Transfers In	422,474	1,271,631	4,569,233	3,297,602
Total Other Financing Sources	422,474	1,271,631	4,577,433	3,305,802
Net Change in Fund Balances	(9,749,918)	(9,749,918)	3,122,989	12,872,907
Beginning Fund Balances	11,323,319	11,323,319	11,323,319	-0-
Ending Fund Balances	\$ 1,573,401	\$ 1,573,401	\$ 14,446,308	\$ 12,872,907

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Redevelopment Agency (RDA) - This fund is used to account for the tax increment revenues and the tax increment bond proceeds that are legally restricted for expenditures in the Sandy Redevelopment Agency project area.

Landscape Maintenance - This fund is used to account for the service-type special assessments legally restricted for operation and maintenance of streetscapes.

Community Development Block Grant (CDBG) - This fund is used to account for the revenues received by the City as grantee participant in the Community Development Block Grant program.

Recreation - This fund is used to account for the City's recreation activities.

Community Arts - The City elects to sponsor certain performing arts, programs and special events. This fund is used to account for the revenue and expenditures associated with these events.

Amphitheater - The City arranges for concerts, programs, and special events to be performed within our amphitheater for the enjoyment of our citizens. This fund is used to account for the revenue and expenditures associated with these events.

Electric Utilities - This fund is used to account for the operation of the City's electric utility.

Sandy City Donations - This fund was established to account for individual, private, and intergovernmental contributions held in trust by the City.

SANDY CITY**Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2005****With Comparative Totals for 2004**

	RDA	Landscape Maintenance	CDBG	Recreation	Community Arts
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 2,507,092	\$ 210,997	\$ 3,896	\$ 245,375	\$ 56,164
Receivables	-0-	-0-	-0-	-0-	-0-
Due from other Govt. Units	67,764	-0-	647	-0-	-0-
Due From Other Funds	191,695	-0-	-0-	-0-	-0-
Prepaid Assets	-0-	-0-	-0-	-0-	16,598
Total Assets	2,766,551	210,997	4,543	245,375	72,762
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	461,196	-0-	584	3,906	10,607
Salaries & Benefits Payable	15,375	-0-	3,959	15,078	4,966
Due to Other Govt. Units	-0-	-0-	-0-	-0-	-0-
Due to Other Funds	-0-	-0-	-0-	-0-	-0-
Deferred Revenue	-0-	-0-	-0-	-0-	-0-
Deposits	-0-	-0-	-0-	-0-	-0-
Total Liabilities	476,571	-0-	4,543	18,984	15,573
Unreserved Fund Balances	2,289,980	210,997	-0-	226,391	57,189
Total Liabilities and Fund Balance	\$ 2,766,551	\$ 210,997	\$ 4,543	\$ 245,375	\$ 72,762

	Amphitheater	Electric Utilities	Sandy City Donations	TOTALS	
				2005	2004
<u>ASSETS</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 223,759	\$ 1,385,978	\$ 497,039	\$ 5,130,300	\$ 3,739,439
Receivables	-0-	8,019	-0-	8,019	8,417
Due from other Govt. Units	-0-	-0-	62,694	131,105	86,411
Due From Other Funds	-0-	-0-	-0-	191,695	3,105
Prepaid Assets	17,500	-0-	-0-	34,098	-0-
Total Assets	241,259	1,393,997	559,733	5,495,217	3,837,372
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	16,860	35,642	83,769	612,564	335,663
Salaries & Benefits Payable	6,096	6,969	-0-	52,443	50,674
Due to Other Govt. Units	1,943	-0-	-0-	1,943	3,547
Due to Other Funds	-0-	-0-	-0-	-0-	3,105
Deferred Revenue	-0-	-0-	-0-	-0-	159
Deposits	-0-	18,396	8,000	26,396	1,874
Total Liabilities	24,899	61,007	91,769	693,346	395,022
Unreserved Fund Balances	216,360	1,332,990	467,964	4,801,871	3,442,350
Total Liabilities and Fund Balance	\$ 241,259	\$ 1,393,997	\$ 559,733	\$ 5,495,217	\$ 3,837,372

SANDY CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Nonmajor Governmental Funds

For the Years Ended June 30, 2005 and 2004

	RDA	Landscape Maintenance	CDBG	Recreation	Community Arts
Revenues:					
Taxes	\$ 3,999,295	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Special Assessments	-0-	1,550	-0-	-0-	-0-
Inter-Governmental Revenue	-0-	5,000	449,066	-0-	-0-
Fees from Developers	-0-	-0-	-0-	-0-	-0-
Charges for Sales & Services	3,463	-0-	-0-	564,333	-0-
Interest Income	64,322	6,109	-0-	5,421	3,941
Miscellaneous Revenues	-0-	-0-	-0-	-0-	7,767
Total Revenues	4,067,080	12,659	449,066	569,754	11,708
Expenditures:					
General Government	-0-	-0-	-0-	-0-	-0-
Police & Animal Control	-0-	-0-	-0-	-0-	-0-
Fire	-0-	-0-	-0-	-0-	-0-
Public Works	-0-	-0-	-0-	-0-	-0-
Parks, Landscapes and Cemetery	-0-	32,971	-0-	-0-	-0-
Community Development	-0-	-0-	210,883	-0-	-0-
Economic Development	1,342,373	-0-	-0-	-0-	-0-
Recreation and Cultural Events	-0-	-0-	-0-	723,816	309,822
Electric Utility	-0-	-0-	-0-	-0-	-0-
Electric Utility	-0-	-0-	-0-	-0-	-0-
Other Capital Outlays	10,290	-0-	-0-	-0-	-0-
Total Expenditures	1,352,663	32,971	210,883	723,816	309,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,714,417	(20,312)	238,183	(154,062)	(298,114)
Other Financing Sources (Uses):					
Transfers In	-0-	-0-	-0-	222,997	304,201
Transfers Out	(1,489,357)	-0-	(238,183)	-0-	-0-
Total Other Financing Sources (Uses)	(1,489,357)	-0-	(238,183)	222,997	304,201
Net Change in Fund Balances	1,225,060	(20,312)	-0-	68,935	6,087
Beginning Fund Balances	1,064,920	231,309	-0-	157,456	51,102
Ending Fund Balances	\$ 2,289,980	\$ 210,997	\$ -0-	\$ 226,391	\$ 57,189

				Total Non-Major Governmental Funds	
	Amphitheater	Electric Utilities	Sandy City Donations	2005	2004
Revenues:					
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ 3,999,295	\$ 3,513,289
Special Assessments	-0-	-0-	-0-	1,550	3,200
Inter-Governmental Revenue	-0-	-0-	-0-	454,066	539,873
Fees from Developers	-0-	-0-	-0-	-0-	19,048
Charges for Sales & Services	238,829	67,757	-0-	874,382	755,266
Interest Income	4,240	32,754	12,338	129,125	57,991
Miscellaneous Revenues	197,204	333	1,209,741	1,415,045	654,060
Total Revenues	440,273	100,844	1,222,079	6,873,463	5,542,727
Expenditures:					
General Government	-0-	-0-	27,177	27,177	42,598
Police & Animal Control	-0-	-0-	1,052,746	1,052,746	371,412
Fire	-0-	-0-	115,260	115,260	71,671
Public Works	-0-	-0-	294	294	480
Parks, Landscapes and Cemetery	-0-	-0-	-0-	32,971	100,404
Community Development	-0-	-0-	7,187	218,070	207,629
Economic Development	-0-	-0-	-0-	1,342,373	1,033,553
Recreation and Cultural Events	445,388	-0-	4,349	1,483,375	1,329,247
Electric Utility	-0-	500,978	67,805	568,783	591,767
Electric Utility	-0-	119,994	-0-	119,994	167,561
Other Capital Outlays	-0-	-0-	-0-	10,290	318,550
Total Expenditures	445,388	620,972	1,274,818	4,971,333	4,234,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,115)	(520,128)	(52,739)	1,902,130	1,307,855
Other Financing Sources (Uses):					
Transfers In	108,079	549,654	-0-	1,184,931	1,178,414
Transfers Out	-0-	-0-	-0-	(1,727,540)	(2,440,150)
Total Other Financing Sources (Uses)	108,079	549,654	-0-	(542,609)	(1,261,736)
Net Change in Fund Balances	102,964	29,526	(52,739)	1,359,521	46,119
Beginning Fund Balances	113,396	1,303,464	520,703	3,442,350	3,396,231
Ending Fund Balances	\$ 216,360	\$ 1,332,990	\$ 467,964	\$ 4,801,871	\$ 3,442,350

SANDY CITY**Redevelopment Agency (RDA)****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 5,211,840	\$ 5,211,840	\$ 3,999,295	\$ (1,212,545)
Charges for Sales & Services	-0-	-0-	3,463	3,463
Interest Income	-0-	-0-	64,322	64,322
Total Revenues	5,211,840	5,211,840	4,067,080	(1,144,760)
Expenditures:				
Salaries and Benefits	245,257	245,257	198,204	47,053
Materials & Supplies	52,499	52,499	33,140	19,359
Contracted Services	314,000	314,000	235,049	78,951
Internal Charges	14,468	14,468	14,469	(1)
Administrative Charges	53,201	53,201	53,201	-0-
Bond Issuance Cost and Trustee Fees	35,242	35,242	4,681	30,561
Capital Outlays	3,361,283	4,171,823	813,919	3,357,904
Total Expenditures	4,075,950	4,886,490	1,352,663	3,533,827
Excess of Revenues Over Expenditures	1,135,890	325,350	2,714,417	2,389,067
Other Financing Sources (Uses):				
Transfers Out	(1,410,272)	(1,410,272)	(1,489,357)	(79,085)
Net Change in Fund Balances	(274,382)	(1,084,922)	1,225,060	2,309,982
Beginning Fund Balances	1,064,920	1,064,920	1,064,920	-0-
Ending Fund Balances	\$ 790,538	\$ (20,002)	\$ 2,289,980	\$ 2,309,982

SANDY CITY

Landscape Maintenance

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 8,414	\$ 1,550	\$ (6,864)
Inter-Governmental Revenue	-0-	5,000	5,000
Interest Income	562	6,109	5,547
Total Revenues	8,976	12,659	3,683
Expenditures:			
Capital Outlays	240,285	32,971	207,314
Net Change in Fund Balances	(231,309)	(20,312)	210,997
Beginning Fund Balances	231,309	231,309	-0-
Ending Fund Balances	\$ -0-	\$ 210,997	\$ 210,997

SANDY CITY

Community Development Block Grant (CDBG)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Inter-Governmental Revenue	\$ 475,000	\$ 449,066	\$ (25,934)
Expenditures:			
Salaries and Benefits	74,111	71,142	2,969
Materials & Supplies	196,019	135,580	60,439
Internal Charges	4,161	4,161	-0-
Capital Outlays	165,793	-0-	165,793
Total Expenditures	440,084	210,883	229,201
Excess of Revenues Over Expenditures	34,916	238,183	203,267
Other Financing Sources (Uses):			
Transfers Out	(238,183)	(238,183)	-0-
Net Change in Fund Balances	(203,267)	-0-	203,267
Beginning Fund Balances	-0-	-0-	-0-
Ending Fund Balances	\$ (203,267)	\$ -0-	\$ 203,267

SANDY CITY

Recreation

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
Revenues:				
Charges for Sales & Services	\$ 515,352	\$ 551,352	\$ 564,333	\$ 12,981
Interest Income	2,400	2,400	5,421	3,021
Total Revenues	517,752	553,752	569,754	16,002
Expenditures:				
Salaries and Benefits	356,236	356,236	376,271	(20,035)
Materials & Supplies	39,405	39,405	26,800	12,605
Contracted Services	1,000	1,000	2,359	(1,359)
Internal Charges	17,404	17,404	17,404	-0-
Cost of Goods Sold	290,126	326,126	281,444	44,682
Capital Outlays	19,802	19,802	19,538	264
Total Expenditures	723,973	759,973	723,816	36,157
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,221)	(206,221)	(154,062)	52,159
Other Financing Sources:				
Transfers In	222,997	222,997	222,997	-0-
Net Change in Fund Balances	16,776	16,776	68,935	52,159
Beginning Fund Balances	157,456	157,456	157,456	-0-
Ending Fund Balances	\$ 174,232	\$ 174,232	\$ 226,391	\$ 52,159

SANDY CITY

Community Arts

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Interest Income	\$ 3,500	\$ 3,941	\$ 441
Miscellaneous Revenues	12,500	7,767	(4,733)
Total Revenues	16,000	11,708	(4,292)
Expenditures:			
Salaries and Benefits	153,603	148,403	5,200
Materials & Supplies	157,070	149,891	7,179
Internal Charges	11,528	11,528	-0-
Total Expenditures	322,201	309,822	12,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	(306,201)	(298,114)	8,087
Other Financing Sources :			
Transfers In	304,201	304,201	-0-
Net Change in Fund Balances	(2,000)	6,087	8,087
Beginning Fund Balances	51,102	51,102	-0-
Ending Fund Balances	\$ 49,102	\$ 57,189	\$ 8,087

SANDY CITY**Amphitheater****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Interest Income	\$ -0-	\$ 4,240	\$ 4,240
Miscellaneous Revenues	392,981	197,204	(195,777)
Total Revenues	392,981	440,273	47,292
Expenditures:			
Salaries and Benefits	58,789	56,348	2,441
Materials & Supplies	67,495	66,908	587
Contracted Services	253,100	211,937	41,163
Internal Charges	3,857	3,857	-0-
Bond Issuance Cost and Trustee Fees	2,000	-0-	2,000
Capital Outlays	115,819	106,338	9,481
Total Expenditures	501,060	445,388	55,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,079)	(5,115)	102,964
Other Financing Sources:			
Transfers In	108,079	108,079	-0-
Net Change in Fund Balances	-0-	102,964	102,964
Beginning Fund Balances	113,396	113,396	-0-
Ending Fund Balances	\$ 113,396	\$ 216,360	\$ 102,964

SANDY CITY

Electric Utilities

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Sales & Services	\$ 60,000	\$ 67,757	\$ 7,757
Interest Income	-0-	32,754	32,754
Miscellaneous Revenues	-0-	333	333
Total Revenues	60,000	100,844	40,844
Expenditures:			
Salaries and Benefits	151,519	150,517	1,002
Materials & Supplies	417,495	336,079	81,416
Contracted Services	15,540	540	15,000
Internal Charges	16,230	13,842	2,388
Cost of Goods Sold	-0-	-0-	-0-
Capitalized Internal Services	-0-	-0-	-0-
Capital Outlays	1,100,205	119,994	980,211
Total Expenditures	1,700,989	620,972	1,080,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,640,989)	(520,128)	1,120,861
Other Financing Sources :			
Transfers In	549,654	549,654	-0-
Total Other Financing Sources	549,654	549,654	-0-
Net Change in Fund Balances	(1,091,335)	29,526	1,120,861
Beginning Fund Balances	1,303,464	1,303,464	-0-
Ending Fund Balances	\$ 212,129	\$ 1,332,990	\$ 1,120,861

SANDY CITY

Sandy City Donations

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Interest Income	\$ -0-	\$ 12,338	\$ 12,338
Miscellaneous Revenues	1,400,982	1,209,741	(191,241)
Total Revenues	1,400,982	1,222,079	(178,903)
Expenditures:			
Salaries and Benefits	-0-	36,029	(36,029)
Internal Charges	202,018	80,780	121,238
Cost of Goods Sold	514,340	402,147	112,193
Capital Outlays	937,497	755,862	181,635
Total Expenditures	1,653,855	1,274,818	379,037
Net Change in Fund Balances	(252,873)	(52,739)	200,134
Beginning Fund Balances	520,703	520,703	-0-
Ending Fund Balances	\$ 267,830	\$ 467,964	\$ 200,134

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Enterprise Funds

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Alta Canyon Sports Center - This fund is used to account for the City's recreational center.

Water - This fund is used to account for the operations of the City's Water Utility.

Waste - This fund is used to account for waste collection services provided by an independent contractor.

Golf - This fund is used to account for the City's golf course.

SANDY CITY**Alta Canyon Sports Center****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 555,164	\$ 555,164	\$ 538,295	\$ (16,869)
Operating Expenses				
Salaries and Benefits	536,449	546,449	581,880	(35,431)
Materials & Supplies	147,479	147,479	125,262	22,217
Contracted Services	64,565	64,565	65,741	(1,176)
Internal Charges	23,901	23,901	23,901	-0-
Administrative Charges	58,376	58,376	58,376	-0-
Cost of Goods Sold	56,188	56,188	36,737	19,451
Capital Outlays	21,067	21,067	19,816	1,251
Depreciation	148,168	148,168	148,168	-0-
Total Operating Expenses	1,056,193	1,066,193	1,059,881	6,312
Operating Income/(Loss)	(501,029)	(511,029)	(521,586)	(10,557)
Nonoperating Revenues:				
General Property Taxes	290,000	290,000	290,752	752
Motor Vehicle Fee	34,000	34,000	37,835	3,835
Interest Income	1,172	1,172	2,861	1,689
Cell Tower Lease	26,997	26,997	28,077	1,080
Other Income	6,700	6,700	5,129	(1,571)
Total Nonoperating Revenues:	358,869	358,869	364,654	5,785
Change in Net Assets	(142,160)	(152,160)	(156,932)	(4,772)
Beginning Fund Balances	1,617,185	1,617,185	1,617,185	-0-
Ending Net Assets	\$ 1,475,025	\$ 1,465,025	\$ 1,460,253	\$ (4,772)

SANDY CITY

Water

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 15,214,132	\$ 15,214,132	\$ 14,337,428	\$ (876,704)
Operating Expenses				
Salaries and Benefits	1,448,561	1,448,561	1,449,759	(1,198)
Materials & Supplies	727,655	727,655	533,290	194,365
Contracted Services	553,711	553,711	407,171	146,540
Internal Charges	1,562,559	1,562,559	494,555	1,068,004
Administrative Charges	647,400	647,400	647,400	-0-
Cost of Goods Sold	7,450,811	7,450,811	6,284,069	1,166,742
Capital Outlays	48,013	48,013	22,073	25,940
Depreciation	2,670,141	2,670,141	2,670,141	-0-
Total Operating Expenses	15,108,851	15,108,851	12,508,458	2,600,393
Operating Income	105,281	105,281	1,828,970	1,723,689
Nonoperating Revenues/(Expenses):				
Inter-Governmental Revenue	-0-	79,862	22,112	(57,750)
Interest Income	170,000	170,000	309,998	139,998
Cell Tower Lease	138,720	138,720	210,132	71,412
Gain/(Loss) on Disposal of Asset	265,000	265,000	706,480	441,480
Other Income	(7,500)	(7,500)	23,638	31,138
Sale of Capital Assets	2,500	2,500	(14,798)	(17,298)
Bond Interest Expense	(405,900)	(405,900)	(458,330)	(52,430)
Total Nonoperating Revenues/(Expenses)	162,820	242,682	799,232	556,550
Change in Net Assets	268,101	347,963	2,628,202	2,280,239
Beginning Net Assets	74,956,309	74,956,309	74,956,309	-0-
Ending Net Assets	\$ 75,224,410	\$ 75,304,272	\$ 77,584,511	\$ 2,280,239

SANDY CITY

Waste

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Sales & Services	\$ 3,536,491	\$ 3,536,491	\$ 3,601,459	\$ 64,968
Operating Expenses				
Salaries and Benefits	182,112	182,112	189,427	(7,315)
Materials & Supplies	61,329	61,329	53,986	7,343
Internal Charges	148,393	186,393	184,341	2,052
Administrative Charges	223,467	223,467	223,467	-0-
Cost of Goods Sold	3,064,190	3,064,190	2,988,623	75,567
Total Operating Expenses	3,679,491	3,717,491	3,639,844	77,647
Operating Income/(Loss)	(143,000)	(181,000)	(38,385)	142,615
Nonoperating Revenues:				
Interest Income	10,000	10,000	14,200	4,200
Other Income	-0-	-0-	136,703	136,703
Total Nonoperating Revenues:	10,000	10,000	150,903	140,903
Change in Net Assets	(133,000)	(171,000)	112,518	283,518
Beginning Net Assets	5,685,944	5,685,944	5,685,944	-0-
Ending Net Assets	\$ 5,552,944	\$ 5,514,944	\$ 5,798,462	\$ 283,518

SANDY CITY**Golf****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Sales & Services	\$ 1,160,972	\$ 1,160,972	\$ 1,119,124	\$ (41,848)
Operating Expenses				
Salaries and Benefits	472,873	454,696	453,694	1,002
Materials & Supplies	152,619	152,619	136,427	16,192
Contracted Services	44,170	44,170	63,605	(19,435)
Internal Charges	175,328	163,228	163,221	7
Administrative Charges	34,939	34,939	34,939	-0-
Cost of Goods Sold	60,289	106,417	124,685	(18,268)
Capital Outlays	65,714	62,314	5,990	56,324
Depreciation	15,058	15,058	15,058	-0-
Total Operating Expenses	1,020,990	1,033,441	997,619	35,822
Operating Income	139,982	127,531	121,505	(77,670)
Nonoperating Revenues/(Expenses):				
Interest Income	-0-	-0-	30	30
Other Income (Expense)	(2,500)	(2,500)	(3,355)	(855)
Gain/(Loss) on Disposal of Asset	-0-	138,280	20,726	(117,554)
Bond Interest Expense	(196,959)	(196,959)	(196,959)	-0-
Total Nonoperating Revenues/(Expenses)	(199,459)	(61,179)	(179,558)	(118,379)
Income/(Loss) Before Transfers	(59,477)	66,352	(58,053)	(196,049)
Transfers In	130,000	150,000	150,000	-0-
Change in Net Assets	70,523	216,352	91,947	(196,049)
Beginning Net Assets	460,088	460,088	460,088	-0-
Ending Net Assets	\$ 530,611	\$ 676,440	\$ 552,035	\$ (196,049)

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Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fleet - This fund is used to account for the rental of machinery, equipment, vehicles, and their related costs to other departments.

Information Services - This fund is used to account for the accumulation and allocation of costs associated with the centralized data processing systems.

Risk Management - This fund is used to account for the accumulation and allocation of costs associated with general liability, worker's compensation and risk management functions.

Equipment Management - This fund is used to account for the accumulation and allocation of costs associated with the purchase of equipment for the governmental funds.

Payroll Management - this fund is used to account for the liability associated with the accumulation of employee compensated absences.

SANDY CITY**Combining Statement of Net Assets****Internal Service Funds****June 30, 2005****With Comparative Totals for 2004**

						Totals Internal Services Funds	
	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	2005	2004
<u>ASSETS</u>							
Current Assets:							
Cash and Cash Equivalents	\$ 2,815,398	\$ 795,061	\$ 3,372,311	\$ 406,932	\$ 1,590,441	\$ 8,980,143	\$ 7,812,489
Receivables	-0-	-0-	347,927	-0-	-0-	347,927	439,075
Inventories	46,768	-0-	-0-	-0-	-0-	46,768	45,084
Other Assets	-0-	-0-	299	-0-	-0-	299	-0-
Total Current Assets	2,862,166	795,061	3,720,537	406,932	1,590,441	9,375,137	8,296,648
Land, Building, Plant, and Equipment	17,948,212	1,703,226	-0-	-0-	-0-	19,651,438	19,762,625
Accumulated Depreciation	(10,896,065)	(1,418,019)	-0-	-0-	-0-	(12,314,084)	(11,140,683)
Total Assets	9,914,313	1,080,268	3,720,537	406,932	1,590,441	16,712,491	16,918,590
<u>LIABILITIES:</u>							
Current Liabilities:							
Accounts Payable	79,211	6,174	7,168	42,522	-0-	135,075	277,575
Salaries & Benefits Payable	30,433	21,714	889	-0-	1,193	54,229	57,152
Claims & Judgements Payable	-0-	-0-	511,786	-0-	-0-	511,786	556,122
Deferred Property Tax	-0-	-0-	371,000	-0-	-0-	371,000	371,250
Capital Leases - Current	87,450	-0-	-0-	-0-	-0-	87,450	-0-
Other Long-Term Payable - Curr	-0-	-0-	-0-	-0-	72,165	72,165	-0-
Total Current Liabilities	197,094	27,888	890,843	42,522	73,358	1,231,705	1,347,250
Noncurrent Liabilities							
Compensated Absences	-0-	-0-	-0-	-0-	1,281,120	1,281,120	1,365,786
Capital Leases	89,811	-0-	-0-	-0-	-0-	89,811	-0-
Total Noncurrent Liabilities:	89,811	-0-	-0-	-0-	1,281,120	1,370,931	1,543,048
Total Liabilities	286,905	27,888	890,843	42,522	1,354,478	2,602,636	2,890,298
<u>NET ASSETS</u>							
Invested In Capital Assets, Net of Related Debt	6,874,886	285,207	-0-	-0-	-0-	7,160,093	8,359,529
Unrestricted	2,752,522	767,173	2,829,694	364,410	235,963	6,949,762	5,668,763
Total Net Assets	\$ 9,627,408	\$ 1,052,380	\$ 2,829,694	\$ 364,410	\$ 235,963	\$ 14,109,855	\$ 14,028,292

SANDY CITY

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Services Fund

For the Year Ended June 30, 2005

With Comparative Totals for the Year Ended 2004

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2005	2004
Operating Revenue							
Charges for Sales & Services	\$ 3,078,969	\$ 998,835	\$ 916,802	\$ 296,610	\$ 317,259	\$ 5,608,475	\$ 5,773,103
Miscellaneous Revenues	-0-	65,844	27,184	-0-	-0-	93,028	259,478
Total Revenues	3,078,969	1,064,679	943,986	296,610	317,259	5,701,503	6,032,581
Operating Expenses							
Salaries and Benefits	589,002	519,756	247,351	-0-	216,979	1,573,088	1,618,188
Materials & Supplies	17,062	27,657	10,193	-0-	-0-	54,912	79,788
Contracted Services	14,903	165,383	839,971	-0-	-0-	1,020,257	867,511
Internal Charges	15,686	-0-	5,814	-0-	-0-	21,500	43,433
Administrative Charges	133,279	65,166	-0-	-0-	-0-	198,445	188,995
Cost of Goods Sold	833,888	-0-	-0-	-0-	-0-	833,888	716,495
Capital Outlays	52,123	56,177	2,512	275,727	-0-	386,539	180,489
Depreciation	1,944,396	162,121	-0-	-0-	-0-	2,106,517	2,217,742
Total Operating Expenses	3,600,339	996,260	1,105,841	275,727	216,979	6,195,146	5,912,641
Operating Income/(Loss)	(521,370)	68,419	(161,855)	20,883	100,280	(493,643)	119,940
Nonoperating Revenues (Expenses):							
General Property Taxes	-0-		374,712	-0-	-0-	374,712	370,318
Interest Income	49,223	16,106	78,185	4,622	34,380	182,516	98,659
Gain/(Loss) on Disposal of Asset	93,904	(68,848)	-0-	-0-	-0-	25,056	134,614
Bond Interest Expense	(7,078)	-0-	-0-	-0-	-0-	(7,078)	(9,342)
Total Nonoperating Revenues (Expenses)	136,049	(52,742)	452,897	4,622	34,380	575,206	594,249
Income/(Loss) Before Transfers	(385,321)	15,677	291,042	25,505	134,660	81,563	714,189
Other Financing Sources (Uses):							
Transfers In	80,000	-0-	-0-	-0-	-0-	80,000	-0-
Transfers Out	-0-	-0-	(80,000)	-0-	-0-	(80,000)	-0-
Change in Net Assets	(305,321)	15,677	211,042	25,505	134,660	81,563	714,189
Net Assets - Beginning	9,932,729	1,036,703	2,618,652	338,905	101,303	14,028,292	13,314,103
Net Assets - Ending	\$ 9,627,408	\$ 1,052,380	\$ 2,829,694	\$ 364,410	\$ 235,963	\$ 14,109,855	\$ 14,028,292

SANDY CITY

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2005

With Comparative Totals for the Year Ended 2004

	Fleet	Information Services	Risk Management	Equipment Management	Payroll Management	Totals Internal Services Funds	
						2005	2004
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 3,170,952	\$ 1,064,679	\$ 943,151	\$ 296,610	\$ 317,259	\$ 5,792,651	\$ 5,933,964
Payments to Suppliers	(1,191,974)	(322,635)	(941,576)	(248,175)	-0-	(2,704,360)	(2,183,602)
Payments to Employees	(583,171)	(520,154)	(250,205)	-0-	(234,982)	(1,588,512)	(1,528,276)
Net Cash Provided by (Used in) Operating Activities	1,395,807	221,890	(248,630)	48,435	82,277	1,499,779	2,222,086
Cash Flows from Noncapital Financing Activities:							
Tax Receipts	-0-	-0-	374,462	-0-	-0-	374,462	376,298
Transfers from (to) Other Funds	80,000	-0-	(80,000)	-0-	-0-	-0-	-0-
Net Cash Provided from Noncapital Financing	80,000	-0-	294,462	-0-	-0-	374,462	376,298
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(1,016,674)	(14,095)	-0-	-0-	-0-	(1,030,769)	(2,290,428)
Principal Paid on Capital Lease	(85,151)	-0-	-0-	-0-	-0-	(85,151)	(82,887)
Interest Paid on Capital Lease	(7,078)	-0-	-0-	-0-	-0-	(7,078)	(9,342)
Proceeds from Cell Tower Leases	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Contributions From Developers	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Proceeds from Sale of Fixed Assets	230,025	3,870	-0-	-0-	-0-	233,895	384,235
Net Cash Provided (Used) by Capital and Related Financing Activities	(878,878)	(10,225)	-0-	-0-	-0-	(889,103)	(1,998,422)
Cash Flows from Investing Activities:							
Interest Income Received	49,223	16,106	78,185	4,622	34,380	182,516	98,659
Net Increase (Decrease) in Cash and Cash Equivalents	646,152	227,771	124,017	53,057	116,657	1,167,654	698,621
Cash and Cash Equivalents:							
Beginning of Year	2,169,246	567,290	3,248,294	353,875	1,473,784	7,812,489	7,113,868
End of Year	\$ 2,815,398	\$ 795,061	\$ 3,372,311	\$ 406,932	\$ 1,590,441	\$ 8,980,143	\$ 7,812,489

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (521,370)	\$ 68,419	\$ (161,855)	\$ 20,883	\$ 100,280	\$ (493,643)	\$ 119,940
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:							
Depreciation	1,944,396	162,121	-0-	-0-	-0-	2,106,517	2,217,742
Increase (Decrease) Due to Changes in:							
Accounts Receivables	91,983	-0-	(835)	-0-	-0-	91,148	(98,617)
Inventories	(1,684)	-0-	-0-	-0-	-0-	(1,684)	(25,748)
Prepaid Assets	-0-	-0-	(299)	-0-	-0-	(299)	-0-
Accounts Payable	(123,349)	(8,252)	(82,787)	27,552	-0-	(186,836)	(81,143)
Salaries & Benefits Payable	5,831	(398)	(2,854)	-0-	(18,003)	(15,424)	89,912
Net Cash Provided (Used) by Operating Activities	\$ 1,395,807	\$ 221,890	\$ (248,630)	\$ 48,435	\$ 82,277	\$ 1,499,779	\$ 2,222,086

SANDY CITY

Fleet

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Sales & Services	\$ 3,272,917	\$ 3,311,917	\$ 3,078,969	\$ (232,948)
Operating Expenses				
Salaries and Benefits	610,418	610,418	589,002	21,416
Materials & Supplies	19,879	19,879	17,062	2,817
Contracted Services	19,900	19,900	14,903	4,997
Internal Charges	15,686	15,686	15,686	-0-
Administrative Charges	133,279	133,279	133,279	-0-
Cost of Goods Sold	713,642	847,642	833,888	13,754
Capital Outlays	475,371	501,371	52,123	449,248
Depreciation	1,944,396	1,944,396	1,944,396	-0-
Total Operating Expenses	3,932,571	4,092,571	3,600,339	492,232
Operating Income/(Loss)	(659,654)	(780,654)	(521,370)	259,284
Nonoperating Revenues/(Expenses):				
Interest Income	36,000	36,000	49,223	13,223
Gain/(Loss) on Disposal of Asset	56,000	56,000	93,904	37,904
Capital Lease Interest Expense	(7,078)	(7,078)	(7,078)	-0-
Total Nonoperating Revenues/(Expenses)	84,922	84,922	136,049	51,127
Income/(Loss) Before Transfers	(574,732)	(695,732)	(385,321)	310,411
Other Financing Sources/(Uses):				
Transfers In	-0-	80,000	80,000	-0-
Transfers Out	(99,314)	(99,314)	-0-	99,314
Total Other Financing Sources/(Uses)	(99,314)	(19,314)	80,000	99,314
Change in Net Assets	(674,046)	(715,046)	(305,321)	409,725
Beginning Net Assets	9,932,729	9,932,729	9,932,729	-0-
Ending Net Assets	\$ 9,258,683	\$ 9,217,683	\$ 9,627,408	\$ 409,725

SANDY CITY

Information Services

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Charges for Sales & Services	\$ 988,149	\$ 998,835	\$ 10,686
Miscellaneous Revenues	61,817	65,844	4,027
Total Operating Revenues	1,049,966	1,064,679	14,713
Operating Expenses			
Salaries and Benefits	514,681	519,756	(5,075)
Materials & Supplies	42,280	27,657	14,623
Contracted Services	184,341	165,383	18,958
Administrative Charges	65,166	65,166	-0-
Capital Outlays	376,211	56,177	320,034
Depreciation	162,121	162,121	-0-
Total Operating Expenses	1,344,800	996,260	348,540
Operating Income/(Loss)	(294,834)	68,419	363,253
Nonoperating Revenues/(Expenses):			
Interest Income	13,500	16,106	2,606
Gain/(Loss) on Disposal of Asset	-0-	(68,848)	(68,848)
Total Nonoperating Revenues/(Expenses)	13,500	(52,742)	(66,242)
Change in Net Assets	(281,334)	15,677	297,011
Beginning Net Assets	1,036,703	1,036,703	-0-
Ending Net Assets	\$ 755,369	\$ 1,052,380	\$ 297,011

SANDY CITY**Risk Management****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Sales & Services	\$ 981,600	\$ 914,395	\$ 916,802	\$ 2,407
Miscellaneous Revenues	-0-	-0-	27,184	27,184
Total Operating Revenues	981,600	914,395	943,986	29,591
Operating Expenses				
Salaries and Benefits	239,793	239,793	247,351	(7,558)
Materials & Supplies	13,757	13,757	10,193	3,564
Contracted Services	1,147,643	1,119,438	839,971	279,467
Internal Charges	5,815	5,815	5,814	1
Capital Outlays	2,950	2,950	2,512	438
Total Operating Expenses	1,409,958	1,381,753	1,105,841	275,912
Operating Income/(Loss)	(428,358)	(467,358)	(161,855)	305,503
Nonoperating Revenues/(Expenses):				
General Property Taxes	371,250	371,250	374,712	3,462
Interest Income	47,108	47,108	78,185	31,077
Transfers Out	-0-	(80,000)	(80,000)	-0-
Total Nonoperating Revenues/(Expenses)	418,358	338,358	372,897	34,539
Change in Net Assets	(10,000)	(129,000)	211,042	340,042
Beginning Net Assets	2,618,652	2,618,652	2,618,652	-0-
Ending Net Assets	\$ 2,608,652	\$ 2,489,652	\$ 2,829,694	\$ 340,042

SANDY CITY

Equipment Management

Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual

For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Charges for Sales & Services	\$ -0-	\$ 296,610	\$ 296,610
Operating Expenses			
Capital Outlays	338,905	275,727	63,178
Total Operating Expenses	338,905	275,727	63,178
Operating Income/(Loss)	(338,905)	20,883	359,788
Nonoperating Revenues:			
Interest Income	-0-	4,622	4,622
Change in Net Assets	(338,905)	25,505	364,410
Beginning Net Assets	338,905	338,905	-0-
Ending Net Assets	<u>\$ -0-</u>	<u>\$ 364,410</u>	<u>\$ 364,410</u>

SANDY CITY**Payroll Management Fund****Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual****For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues:				
Charges for Sales & Services	\$ 252,072	\$ 337,294	\$ 317,259	\$ (20,035)
Operating Expenses				
Salaries and Benefits	250,058	335,280	216,979	118,301
Operating Income/(Loss)	2,014	2,014	100,280	98,266
Nonoperating Revenues:				
Interest Income	25,000	25,000	34,380	9,380
Change in Net Assets	27,014	27,014	134,660	107,646
Beginning Net Assets	101,303	101,303	101,303	-0-
Ending Net Assets	\$ 128,317	\$ 128,317	\$ 235,963	\$ 107,646

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Capital Assets Used In the Operations Of Governmental Funds

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE¹
For the Years Ended June 30, 2005 and 2004

	2005	2004
Governmental funds capital assets:		
Land	\$ 189,709,253	\$ 188,931,711
Buildings	31,805,199	31,242,636
Improvements other than Buildings	14,625,998	14,042,671
Machinery and Equipment	1,474,159	1,409,289
Autos and Trucks	67,116	67,116
Infrastructure	116,189,101	115,032,631
Street Light Improvements	8,809,153	8,689,159
Storm Drain Improvements	25,786,857	24,990,201
Construction In Progress	972,616	1,947,475
Total governmental funds capital assets	<u>\$ 389,439,452</u>	<u>\$ 386,352,889</u>

Investments in governmental funds capital assets by source:

General	\$ 935,109	\$ 873,434
Capital Projects	74,632,119	73,515,663
Infrastructure	277,544,816	276,580,206
Special Revenue	1,592,699	1,565,527
Electric Utilities	8,809,153	8,689,159
Storm Water	25,786,857	24,990,201
Prior Year Investments	138,699	138,699
Total governmental funds capital assets	<u>\$ 389,439,452</u>	<u>\$ 386,352,889</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
June 30, 2005

Function and Activity	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDING	MACHINERY AND EQUIPMENT	AUTOS AND TRUCKS	STREET LIGHT IMPROVEMENTS	STORM WATER IMPROVEMENTS	INFRASTRUCTURE	CONSTRUCTION IN PROGRESS	TOTAL
General Government:										
Mayor	\$ 1,344,044	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,344,044
Administrative Services										
(Including Building Services)	989,875	10,642,533	573,282	307,967	-0-	-0-	-0-	-0-	-0-	12,513,657
Total General Government	2,333,919	10,642,533	573,282	307,967	-0-	-0-	-0-	-0-	-0-	13,857,701
Public Safety:										
Police Department										
(Including Animal Control)	116,857	333,400	91,647	444,057	67,116	-0-	-0-	-0-	-0-	1,053,077
Fire Department	619,612	3,715,477	94,558	367,943	-0-	-0-	-0-	-0-	-0-	4,797,590
Total Public Safety	736,469	4,048,877	186,205	812,000	67,116	-0-	-0-	-0-	-0-	5,850,667
Public Works	170,741,430	6,765,305	1,352,639	252,927	-0-	-0-	-0-	-0-	-0-	179,112,301
Parks and Recreation	15,019,647	10,073,376	12,513,872	46,964	-0-	-0-	-0-	-0-	-0-	37,653,859
Community Development	-0-	275,108	-0-	43,066	-0-	-0-	-0-	-0-	-0-	318,174
Redevelopment Agency	717,131	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	717,131
Storm Water	160,657	-0-	-0-	11,235	-0-	-0-	25,786,857	-0-	-0-	25,958,749
Electric Utilities	-0-	-0-	-0-	-0-	-0-	8,809,153	-0-	-0-	-0-	8,809,153
Streets and Roads	-0-	-0-	-0-	-0-	-0-	-0-	-0-	112,057,019	-0-	112,057,019
Special Improvement Districts	-0-	-0-	-0-	-0-	-0-	-0-	-0-	4,132,082	-0-	4,132,082
Construction in Progress	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	972,616	972,616
Total governmental funds capital assets	\$ 189,709,253	\$ 31,805,199	\$ 14,625,998	\$ 1,474,159	\$ 67,116	\$ 8,809,153	\$ 25,786,857	\$ 116,189,101	\$ 972,616	\$ 389,439,452

¹This schedule presents only the capital asset balances related to governmental funds.
Accordingly, the capital assets reported in internal service funds are excluded from the

above amounts. Generally, the capital assets of internal service funds are included as
governmental activities in the statement of net assets.

SANDY CITY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
For the Year Ended June 30, 2005

	GENERAL FIXED ASSETS 06/30/04	ADDITIONS	DEDUCTIONS	GENERAL FIXED ASSETS 6/30/05
General Government:				
Mayor	\$ 1,344,044	\$ -0-	\$ -0-	\$ 1,344,044
Administrative Services (Including Building Services)	12,513,657	-0-	-0-	12,513,657
Total General Government	13,857,701	-0-	-0-	13,857,701
Public Safety:				
Police Department (Including Animal Control)	1,025,428	27,649	-0-	1,053,077
Fire Department	4,781,247	23,753	7,410	4,797,590
Total Public Safety	5,806,675	51,402	7,410	5,850,667
Public Works	177,837,498	1,278,132	3,329	179,112,301
Parks & Recreation	36,980,403	673,456	-0-	37,653,859
Community Development	318,174	-0-	-0-	318,174
Redevelopment Agency	717,131	-0-	-0-	717,131
Storm Water	25,166,042	796,656	3,949	25,958,749
Electric Utilities	8,689,159	119,994	-0-	8,809,153
Streets and Roads	110,900,549	1,156,470	-0-	112,057,019
Special Improvement Districts	4,132,082	-0-	-0-	4,132,082
Construction in Progress	1,947,475	739,904	1,714,763	972,616
	<u>\$ 386,352,889</u>	<u>\$ 4,816,014</u>	<u>\$ 1,729,451</u>	<u>\$ 389,439,452</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

SANDY CITY
GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT (3)	PUBLIC SAFETY	PUBLIC WORKS	CULTURAL, RECREATION, AND PARKS	COMMUNITY DEVELOPMENT	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
1995	\$ 6,351,085	\$ 8,791,865	\$ 3,357,410	\$ 1,592,177	\$ 1,547,693	\$ 7,446,155	\$ 1,585,529	\$ 30,671,914
1996	5,549,568	9,974,410	3,813,011	1,677,171	1,723,209	7,129,439	1,918,197	31,785,005
1997	6,306,893	10,745,591	3,711,521	1,742,548	1,559,936	8,891,427	1,966,948	34,924,864
1998	6,818,145	11,610,820	3,382,383	2,068,876	2,015,563	11,858,633	4,714,810	42,469,230
1999	7,137,140	12,358,552	4,438,244	1,955,862	1,785,779	6,031,432	9,387,286	43,094,295
2000	7,525,681	14,009,283	3,124,693	2,118,019	1,834,495	16,950,329	4,578,605	50,141,105
2001	6,560,569	14,509,321	3,755,793	2,647,486	2,094,392	7,513,701	5,626,164	42,707,426
2002	7,073,798	16,025,672	4,183,238	2,934,331	2,047,383	11,394,416	6,076,447	49,735,285
2003 (2)	8,015,346	17,166,959	6,071,357	3,986,068	2,010,190	17,473,410	11,618,317	66,341,647
2004	8,305,393	17,531,110	6,624,773	3,990,323	2,029,435	8,260,710	11,095,201	57,836,945
2005	8,959,234	18,042,454	6,543,597	4,177,193	2,037,419	3,926,828	24,301,993	67,988,718

Notes:

- (1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.
- (2) In FY 2003, three enterprise funds (Recreation, Storm Water Utility and Electric Utility Fund) and the Expendable Trust Funds were reclassified as Special Revenue Funds. Additionally, expendable trust funds are now included as special revenue funds. The Recreation Fund is included in Cultural, Recreation, and Parks. Electric and Storm Water Utility is included in Public Works.
- (3) General Government Includes Economic Development

Source: Sandy City Department of Finance

SANDY CITY
GOVERNMENTAL FUNDS REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES AND SPECIAL ASSESSMENTS	LICENCES AND PERMITS	INTER- GOVERN- MENTAL	INTERNAL CHARGES FOR SERVICES	FINES AND FORFE- ITURES	INTEREST	MISCEL- LANEOUS	FEEES FROM DEVELOPERS	TOTAL
1996	\$ 19,830,171	\$ 1,647,722	\$ 2,498,285	\$ 1,558,268	\$ 1,122,339	\$ 594,370	\$ 277,667	\$ 792,161	\$28,320,983
1997	22,150,967	1,719,519	3,253,534	1,562,357	1,360,502	866,023	290,501	493,279	31,696,682
1998	23,651,194	2,075,450	4,363,856	1,634,945	1,431,439	1,062,506	290,469	1,234,188	35,744,047
1999	25,726,597	1,825,829	4,330,431	1,645,324	1,342,233	1,159,210	423,589	453,742	36,906,955
2000	27,195,760	1,963,715	5,136,757	1,903,784	1,781,769	1,490,346	522,885	539,163	40,534,179
2001	29,643,271	1,818,123	4,768,033	1,956,973	2,021,941	1,722,796	596,933	247,567	42,775,637
2002	32,494,781	1,690,617	5,409,297	2,172,765	2,305,515	773,524	845,059	624,627	46,316,185
2003 (2)	30,895,391	1,685,082	5,026,806	4,888,376	2,352,612	873,327	850,933	595,913	47,299,796
2004	32,799,702	1,740,360	5,601,596	5,575,609	2,661,801	410,214	859,187	223,197	49,871,666
2005	35,506,993	2,011,739	5,318,961	5,907,478	2,587,126	709,067	1,708,902	611,407	54,361,673

Notes:

(1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.

(2) In FY 2003, three enterprise funds (Recreation, Storm Water Utility and Electric Utility Fund) and the Expendable Trust Funds were reclassified as Special Revenue Funds. Additionally, expendable trust funds are now included as special revenue funds. The Recreation Fund is included in Cultural, Recreation, and Parks. Electric and Storm Water Utility is included in Public Works.

Source: Sandy City Department of Finance

SANDY CITY
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PROPERTY TAX</u>	<u>GENERAL SALES TAX</u>	<u>FRANCHISE TAX</u>	<u>MOTOR VEHICLE FEE</u>	<u>TOTAL</u>
1996	\$ 4,438,745	\$ 9,930,024	\$ 3,005,920	\$ 724,178	\$ 18,098,867
1997	4,726,068	11,241,249	3,317,575	905,820	20,190,712
1998	4,722,238	11,828,528	3,583,515	859,948	20,994,229
1999	4,865,626	12,966,383	3,483,868	966,216	22,282,093
2000	5,092,701	14,080,123	3,603,078	764,085	23,539,987
2001	5,737,847	14,773,043	4,435,823	721,930	25,668,643
2002	6,746,658	14,740,321	4,501,770	867,215	26,855,964
2003	6,778,104	14,569,744	4,299,404	918,730	26,565,982
2004	7,103,637	15,161,445	4,688,366	881,376	27,834,824
2005	7,082,393	15,857,517	6,284,131	818,905	30,042,946

Source: Sandy City Department of Finance

SANDY CITY
PROPERTY TAX ASSESSMENTS, COLLECTIONS AND LEVIES
LAST TEN FISCAL YEARS

ASSESSMENTS AND COLLECTIONS					TAX LEVIES				
FISCAL	ASSESSED	TAXES	CURRENT TAX	PERCENT	GENERAL	DEBT	RISK	OUTSTANDING	
YEAR	VALUATION	ASSESSED	COLLECTIONS	OF LEVY	FUND	SERVICE	MANAGEMENT	TOTAL	DELINQUENT
			(1)	COLLECTED		FUND	FUND		TAXES
1996	\$2,637,587,808	\$4,716,007	\$ 4,572,893	97.0%	0.001706	0.000082	0.000000	0.001788	\$ 263,906
1997	2,889,456,769	5,079,665	4,898,750	96.4%	0.001678	0.000080	0.000000	0.001758	247,382
1998	3,256,316,583	5,184,056	5,000,019	96.4%	0.001517	0.000075	0.000000	0.001592	259,606
1999	3,409,092,299	5,427,275	5,249,645	96.7%	0.001530	0.000076	0.000000	0.001606	299,743
2000	3,585,929,560	5,673,385	5,444,197	96.0%	0.001537	0.000078	0.000000	0.001615	355,045
2001	3,802,131,432	6,798,211	6,499,879	95.6%	0.001613	0.000075	0.000100	0.001788	429,457
2002	4,037,679,082	7,913,851	7,597,954	96.0%	0.001790	0.000073	0.000097	0.001960	482,940
2003	4,193,973,087	7,947,579	7,617,686	95.8%	0.001730	0.000071	0.000094	0.001895	500,598
2004	4,314,341,270	8,154,105	7,879,733	96.6%	0.001725	0.000071	0.000094	0.001890	441,418
2005	4,482,624,187	8,265,959	8,020,225	97.0%	0.001683	0.000069	0.000092	0.001844	339,997

Notes:

(1) Current tax collections column includes amounts remitted to redevelopment agencies.

Source: Sandy City Department of Finance

SANDY CITY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE</u>
1996	\$ 2,637,587,808	\$ 4,157,133,530	63%
1997	2,889,456,769	4,548,513,696	64%
1998	3,256,316,583	5,142,745,684	63%
1999	3,409,092,299	5,317,298,007	64%
2000	3,585,929,560	5,541,482,116	65%
2001	3,802,131,432	5,885,828,378	65%
2002	4,037,679,082	6,161,254,606	66%
2003	4,193,973,087	6,446,408,328	65%
2004	4,314,341,270	6,635,180,654	65%
2005	4,482,624,187	6,919,830,111	65%

Notes:

- (1) The State of Utah imposed a uniform 1.7% fee on motor vehicles rather than using a tax rate as prior years.

Source: Salt Lake County Auditor's Office

SANDY CITY
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(Per \$1 of Assessed Property Value the Following Rates Apply):

FISCAL YEAR	SANDY CITY	SALT LAKE COUNTY (NOTE 1)	JORDAN SCHOOL DISTRICT	SALT LAKE COUNTY LIBRARY	SPECIAL DISTRICTS (NOTE 2)	TOTAL	TOTAL TAX RATE RANGE (NOTE 3)	
							LOW	HIGH
1996	.001788	.003831	.007262	.000669	.001645	.015195	.014194	.015861
1997	.001758	.003782	.006392	.000647	.001573	.014152	.013210	.014424
1998	.001592	.003551	.006504	.000608	.001539	.013788	.012917	.014041
1999	.001606	.002805	.006561	.000607	.001267	.012846	.012247	.013107
2000	.001615	.003246	.007582	.000625	.001258	.014326	.013738	.014590
2001	.001788	.002904	.008845	.000583	.001260	.015380	.014761	.015601
2002	.001960	.003025	.008424	.000764	.001390	.015563	.014801	.015822
2003	.001895	.002939	.008344	.000744	.001501	.015423	.014534	.015669
2004	.001890	.002868	.008366	.000747	.001728	.015599	.014499	.016026
2005	.001844	.002816	.008856	.000733	.001686	.015935	.014865	.016392

Notes:

- (1) Includes General Salt Lake County Charges.
- (2) Includes South Salt Lake County Mosquito District, Salt Lake County Water District, Sandy Suburban Improvement District, and Central Utah Water District. Although other special districts apply to only a portion of the City, these districts apply to the majority of property values within the City.
- (3) Since special districts apply to only a portion of the City, these columns show the total tax rate range. The other special districts not included in Note 2 are Salt Lake Suburban District #2, Cottonwood Sanitary District, Salt Lake County Sewerage District #1, Crescent Cemetery District, and Alta Canyon Recreation Special Service District.

Source: Salt Lake County Auditor

SANDY CITY
TOP TEN PRINCIPAL PROPERTY TAXPAYERS
June 30, 2005

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2004 ASSESSED PROPERTY VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Lawrence & Karen Miller	Auto Mall/Business Complex	\$ 100,689,560 (2)	2.25%
Macerich Co.	Real Estate Investment Trust	95,871,800 (2)	2.14%
Pacificorp	Electric Utility	34,353,110 (1)	0.77%
SSR Western Multifamily LLC	Apartment Complex	28,012,930 (2)	0.62%
The Boyer Company	Commercial & Office Development	27,196,300 (2)	0.61%
Qwest Communications	Telephone Communications	24,863,740 (1)	0.55%
Workers Compensation Fund	Insurance Company	24,437,200 (2)	0.55%
Magna Investment	Commercial & Office Development	19,025,500 (2)	0.42%
Mariemont Corp.	Sandy Mall	18,750,200 (2)	0.42%
Becton Dickinson & Company	Pharmaceutical Manufacturing	<u>18,189,300 (2)</u>	0.41%
Total		<u><u>\$ 391,389,640</u></u>	8.74%

Notes:

- (1) Source: Utah State Tax Commission.
(2) Source: Salt Lake County Assessment Records.

SANDY CITY
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SPECIAL ASSESSMENTS BILLINGS</u>	<u>SPECIAL ASSESSMENTS COLLECTED (1)</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING ASSESSMENTS</u>
1996	\$ 261,639	\$ 419,707	160.41%	\$ 2,597,204
1997	278,934	350,992	125.83%	2,410,000
1998	248,249	248,249	100.00%	2,310,000
1999	207,388	207,388	100.00%	2,205,000
2000	244,618	244,618	100.00%	2,095,000
2001	247,139	247,139	100.00%	1,975,000
2002	250,879	250,879	100.00%	1,850,000
2003 (2)	-0-	-0-	100.00%	7,094,000
2004	765,560	991,015	129.45%	6,469,000
2005	646,021	986,961	152.78%	5,828,000

Notes:

- (1) Includes prepayments.
- (2) Original Bond was refunded with cash flow savings taken in the first and second year of refunding. Sufficient reserves existed to service debt. As such, no assessment was required as of year end. Additionally, two new SIDs were created with a payment date of December 15, 2003.

Source: Sandy City Department of Finance

SANDY CITY
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Assessed Valuation:

Primary Residential	\$ 2,953,939,632
All Other	<u>1,528,684,555</u>

Total Assessed Valuation	<u>\$ 4,482,624,187</u>
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Reasonable Fair Cash Value	<u>\$ 6,919,830,111</u>
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	GENERAL - 4%	WATER AND SEWER - 4%	TOTAL - 8%
Debt Limit - 8% of Reasonable Fair Cash Value (1)	\$ 276,793,204	\$ 276,793,204	\$ 553,586,408
Less Outstanding General Obligation Bonds	<u>4,225,000</u>	<u>-0-</u>	<u>4,225,000</u>
Debt Margin	<u>\$ 272,568,204</u>	<u>\$ 276,793,204</u>	<u>\$ 549,361,408</u>

Notes:

- (1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.

Source: Salt Lake County Auditor's Office

SANDY CITY**RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND NET GENERAL
OBLIGATION DEBT PER CAPITA
LAST TEN FISCAL YEARS**

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT (1)	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1996	95,509	\$ 2,637,587,808	\$ 8,095,000	\$ 8,095,000	0.31	\$85
1997	96,678	2,889,456,769	7,755,000	7,755,000	0.27	80
1998	99,761	3,256,316,583	7,395,000	7,395,000	0.23	74
1999	100,822	3,409,092,299	7,015,000	7,015,000	0.21	70
2000	102,033	3,585,929,560	6,615,000	6,615,000	0.18	65
2001	88,419	3,802,131,432	6,190,000	6,190,000	0.16	70
2002	89,745	4,037,679,082	5,735,000	5,735,000	0.14	64
2003	93,500	4,193,973,087	5,255,000	5,255,000	0.13	56
2004	92,685	4,314,341,270	4,750,000	4,750,000	0.11	51
2005	92,500	4,482,624,187	4,225,000	4,225,000	0.09	46

Notes:

(1) Includes All Long-Term General Obligation Debt.

Sources: Sandy City Community Development Department
Sandy City Department of Finance

SANDY CITY
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES(1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1996	\$ 385,000	\$ 321,606	\$706,606	\$ 31,785,005	2.2%
1997	340,000	408,730	748,730	34,924,864	2.1%
1998	360,000	390,660	750,660	42,469,230	1.8%
1999	380,000	371,048	751,048	43,094,295	1.7%
2000	400,000	349,844	749,844	50,141,105	1.5%
2001	425,000	326,863	751,863	42,707,426	1.8%
2002	455,000	301,808	756,808	49,735,285	1.5%
2003	480,000	277,800	757,800	66,341,647	1.1%
2004	505,000	255,139	760,139	57,836,945	1.3%
2005	525,000	230,929	755,929	67,988,718	1.1%

Notes:

This schedule includes only debt service for general obligation bonded debt to be paid by general operations of the City rather than from special assessment or enterprise operations.

(1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds.

Source: Sandy City Department of Finance

SANDY CITY
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
June 30, 2005

	TOTAL DEBT	ATTRIBUTABLE TO CITY	
		PERCENT	AMOUNT
Direct General Obligation Debt	\$ 4,225,000	100.0 %	\$ 4,225,000
Overlapping Debt:			
State of Utah	1,514,510,000	3.6	54,522,360
CUWCD (1)	62,116,393	6.0	3,726,983
Salt Lake County	204,440,000	8.8	17,990,720
Jordan School District	172,775,000	24.3	41,984,325
South Valley Sewer District	1,060,000	25.0	265,000
Sandy Suburban Improvement District	14,210,000	40.0	5,684,000
Total Overlapping Debt	1,969,111,393		124,173,388
Total Overlapping Debt (Excluding the State)(2)	454,601,393		69,651,028
Total Direct and Overlapping Debt (Excluding the State)	\$ 458,826,393		\$ 73,876,028

Notes:

- (1) Central Utah Water Conservancy District ("CUWCD") outstanding general obligation bonds are limited ad valorem tax bonds. These bonds are the only limited ad valorem tax bonds in the State issued under the Water Conservancy Act. By law CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding limited ad valorem tax bonds.
- (2) The State's general obligation debt is not included in overlapping debt because the State levies no property tax for payment of general obligation bonds.

Source: Zions Bank Public Finance

SANDY CITY
WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUE	DIRECT OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1995	\$ 7,313,152	\$ 4,542,086	\$ 2,771,066	\$ 525,000	\$ 729,063	\$ 1,254,063	2.21
1996	8,235,233	5,290,340	2,944,893	560,000	696,008	1,256,008	2.34
1997	8,657,826	5,958,061	2,699,765	700,000	657,788	1,357,788	1.99
1998	8,835,057	5,688,787	3,146,270	745,000	613,813	1,358,813	2.32
1999	9,018,911	5,816,145	3,202,766	790,000	610,040	1,400,040	2.24
2000	10,311,370	6,538,517	3,772,853	845,000	513,969	1,358,969	2.73
2001	11,330,559	6,240,341	5,090,218	705,000	457,423	1,162,423	4.38
2002	13,412,729	6,969,192	6,443,537	750,000	415,638	1,165,638	5.53
2003	14,935,903	10,172,883	4,763,020	785,000	377,637	1,162,637	4.10
2004	15,546,223	10,194,711	5,351,512	6,800,000	485,435	7,285,435	0.73
2005	15,572,878	12,508,458	3,064,420	0	478,381	478,381	6.41

Notes:

- (1) The total reduction in long term debt is \$8,055,000, of which \$7,560,000 represents defeasance of debt from bond refunding and \$495,000 represents reduction in bond principal.

Source: Sandy City Department of Finance

SANDY CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME	# OF SQUARE MILES (1)	SUBDIVISION	
				LOTS APPROVED (1)	UNEMPLOYMENT RATE (3)
1996	95,509	N/A	21.9	221	2.5%
1997	96,678	N/A	22.6	238	2.4%
1998	99,761	N/A	22.7	210	3.1%
1999	100,822	N/A	22.8	207	2.6%
2000	102,033	N/A	22.8	281	2.1%
2001	88,419 (2)	N/A	22.8	195	2.4%
2002	89,745	N/A	22.8	174	4.3%
2003	93,500	N/A	22.8	185	4.5%
2004	92,685	N/A	22.8	278	3.3%
2005	92,500	N/A	22.7	209	3.3%

Notes:

(1) Source: Sandy City Community Development Department

(2) Source: U.S. Census

(3) Source: Utah Department of Employment Security

SANDY CITY
CONSTRUCTION AND PROPERTY VALUE (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		PROPERTY VALUE	
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NON-RESIDENTIAL	RESIDENTIAL
1996	39	\$ 40,990,801	316	\$ 42,828,770	\$ 715,248,480	\$ 3,441,885,050
1997	56	42,383,725	245	39,477,104	831,509,366	3,717,004,330
1998	62	126,652,157	279	72,265,056	979,312,004	4,163,433,680
1999	50	55,612,246	148	25,598,853	1,075,759,337	4,241,538,670
2000	41	65,762,470	151	29,142,513	1,140,722,766	4,400,759,350
2001	38	36,343,275	189	33,398,077	1,311,494,588	4,574,333,790
2002	33	34,767,969	156	30,029,877	1,479,002,806	4,682,251,800
2003	36	37,510,739	158	30,753,131	1,466,525,628	4,979,882,700
2004	32	16,397,224	169	33,375,634	1,518,200,744	5,116,979,910
2005	30	38,684,949	138	32,403,167	344,299,121	6,575,530,990

Notes:

- (1) Bank deposit amounts are not shown on this schedule since Utah is a branch banking state, and deposit figures are currently available on a state wide basis only.

Sources: Building permits issued by the Sandy City Building and Safety Division.

Sandy City Department of Finance

SANDY CITY
MISCELLANEOUS STATISTICS
June 30, 2005

Date of Incorporation	1893
Form of Government	Council-Mayor
Area - Square Miles	22.7
Miles of Streets	
Fire Protection:	
Number of Stations	5
Number of Firemen and Officers (excluding Volunteer Firemen)	73
Police Protection:	
Number of Stations	4
Number of Policemen and Officers	101
Municipal Water Department:	
Number of Consumers	28,444
Average Daily Consumption - Gallons	21,688,435
Miles of Water Mains	443
Recreation and Culture:	
Number of Parks (Including County Owned)	
Developed	30
Undeveloped	6
Number of Libraries (County Owned)	1
Employees:	758
Election Data:	
Registered Voters	61,696